



Directorate of  
Intelligence

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# Near East and South Asia Review

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Near East and  
South Asia Review

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**Egypt's National Democratic Party: Inching Toward Reform?** 25

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Egypt's ruling National Democratic Party must develop a broader base and detach itself from the presidency. The debate over decentralization in the party is far from over, and attempts at reform will have to overcome the interests of the party's senior leadership [REDACTED] b (3)

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On 12 February an attempt was made to kill President Amine Gemayel. The assassin is unknown, but there is no shortage of candidates. [REDACTED]

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The outcome of the Lebanese presidential election may depend on the actions and military strength of the Christian Lebanese Forces militia. The Lebanese Forces stresses Christian superiority against Shia Muslim strength and strives to create a disciplined fighting force. [REDACTED]

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Population is a highly charged political issue in Lebanon, as political power is distributed on the basis of religious sect. Christians and Muslims use estimates of the size of their sects to justify their claims to political power.

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The Sri Lankan military has been forced to adapt to new security duties since the intervention of Indian troops on the island. Military reaction to the intervention has been positive, although the Sri Lankans believe the Indians are not aggressive enough against the Tamil militants.

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#### India's Trade With Eastern Europe

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Trade relations between India and Eastern Europe are driven by prospects for greater exchange in goods and services without using hard currency. India and the East European countries must resolve several problems before trade levels approach those between India and Western Europe.

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Near East and  
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Articles

Middle East-South Asia:  
Vulnerable to the AIDS  
Pandemic [REDACTED] b (3)

The number of reported cases of Acquired Immune Deficiency Syndrome (AIDS) in the Middle East and South Asia is low, but the lack of public awareness about the disease, inadequate health systems, and prevailing sexual and cultural practices make the region vulnerable to a spread of AIDS. In addition, extensive trade networks, significant tourist flows, and large migratory labor forces throughout the region increase the risk of transmission from individuals with AIDS or infected with its causative retrovirus, human immunodeficiency virus (HIV). A spread of the disease would put a serious financial burden on regional governments because of increased health care expenditures and could lead to significant population losses in social and economic groups essential to future development—namely, middle-level economic and political managers, agrarian and urban workers, and military personnel. Although most countries are beginning to establish national health plans to deal with the AIDS pandemic, Middle Eastern and South Asian countries are likely to request increased Western medical and technical assistance to deal with the problem over the next several years. At the same time, the widespread perception that Westerners are responsible for spreading AIDS may fuel anti-Western sentiment in the region. [REDACTED] b (3)

<sup>1</sup> The fragmentary and sporadic reporting on AIDS in the Middle East and South Asia is largely anecdotal and based on limited studies of high risk groups that do not represent the entire region or an individual country. Nevertheless, we believe sufficient information is available to make a preliminary survey of AIDS in the region and assess the domestic and international implications.

Current Reporting

The reported number of AIDS cases and of healthy individuals who test positive for HIV infection vary widely throughout the region.<sup>2</sup> Israel, Qatar, and the United Arab Emirates have the highest reported incidence of AIDS and HIV infection per 100,000 persons, ranging from 2.8 to 9.5 per 100,000 persons. These rates are significantly lower than estimated rates of HIV infection for Uganda, Zimbabwe, and the Congo—where rates are between 2,500 to 15,000 per 100,000 persons—and for the United States with an estimated rate of 411 per 100,000 persons. [REDACTED] b (3)

Most Middle Eastern and South Asian countries officially report only a few cases of AIDS or HIV infections. The numbers reported often fluctuate, possibly reflecting the death of persons with AIDS or the deporting of foreigners with AIDS or infected with HIV.<sup>3</sup> Diagnostic and testing capabilities in the region are limited, and we believe the actual number of AIDS cases and HIV infections is much higher than reported levels. The number of recognized AIDS cases and HIV infections probably will increase as

<sup>2</sup> Official and unofficial reporting often fail to distinguish between individuals who have AIDS and those who, while apparently healthy, test positive for HIV infection. When possible, this article will distinguish between cases of AIDS and cases of HIV infection.

<sup>3</sup> The numbers reported by the World Health Organization are cumulative numbers of AIDS cases and do not include individuals infected with HIV. [REDACTED] b3

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governments implement national health plans that include testing high risk groups and screening national blood supplies:

- Egypt reported no cases of AIDS in early 1986. A testing program has been implemented.

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- India had no confirmed cases of AIDS in early 1986. Six positive HIV cases were confirmed among prostitutes four months later.

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By mid-July 1987, 143 people tested positive for HIV infection, including 17 who had developed AIDS.

- The United Arab Emirates began an extensive testing program after a woman was diagnosed with AIDS in mid-1985. Last year 22 people were reported to have died of AIDS, and 360 people tested positive for HIV infection—30 percent nationals and the remainder foreigners.

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\*We believe a majority of foreigners who tested positive for HIV infections are resident visa or visa renewal applicants who were either denied entry or deported.

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# **Acquired Immune Deficiency Syndrome**

*Acquired Immune Deficiency Syndrome (AIDS) is a clinical illness complex caused by human immunodeficiency virus (HIV). The disease causes the immune system to deteriorate, and there may be gradual or sudden onset of tumors or infections to which healthy individuals without the disease are usually resistant. Some cases of AIDS show signs of damage to the brain or spinal cord, which can result in partial paralysis, confusion, or loss of judgment, with eventual progress to dementia. Some AIDS cases consist of chronic diarrhea with progressive loss of weight. Death from untreated AIDS in adults usually occurs in one to two years. Infants may die more rapidly.*

*HIV is a retrovirus, meaning the genetic material of the virus is inserted into a person's cells at the time of infection—where it probably persists for life. HIV can be transmitted by homosexual or heterosexual relations between an infected and an uninfected partner; by transfer of infected blood or tissue; by transfusion of infected blood or blood products; by transplantation of infected body parts; by sharing contaminated needles among intravenous drug users; and by direct transmission from mother to child most likely during pregnancy, birth, or through mother's milk.*

*Fifty percent or more of individuals infected with HIV—possibly 100 percent—develop AIDS. Available drugs for treating HIV infection may prolong life, but no cure for AIDS has been reported. Minimal progress has been made toward developing a vaccine against HIV infection.*

## **Vulnerabilities**

We believe several factors make the Middle East and South Asia vulnerable to a spread of the disease. Widespread ignorance about AIDS and its methods of transmission will probably contribute most to its increased incidence, particularly among high risk groups that are generally unaware of the danger.

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few government campaigns undertaken thus far to educate the public by means of booklets and pamphlets are hindered by high levels of illiteracy and popular mistrust, even disdain, toward government-sponsored sex education programs. [REDACTED] b3

Inadequate health systems and poor medical facilities and practices probably will contribute to the spread of HIV infection in the region. Generally unsanitary conditions prevail at many hospitals and clinics. Western observers report widespread indifference by medical staff and technicians to spillage of blood and the use of unsterilized instruments for invasive medical procedures. Moreover, [REDACTED] b (1) b (3)

[REDACTED] extensive reuse of needles without sterilization in many countries. The multiple use of unclean needles for immunization could spread the disease quickly among young children, although this risk is believed to be less severe than multiple usage of needles for drawing blood or intravenous injection of drugs. [REDACTED] b3

Some Middle Eastern countries are vulnerable because of their proximity to, and extensive contact with, individuals living in Sub-Saharan Africa, where AIDS cases and HIV infections are widespread. The southern regions of Sudan, and to a lesser degree Mauritania, are particularly susceptible because local inhabitants have regular contact and share similar customs and physiological traits with their southern neighbors—Uganda, Central African Republic, and Zaire—where the per capita incidence of AIDS is among the highest in the world. In addition, the Nile River in Egypt and Sudan, a principal transportation and commercial route, may provide a major conduit for a spread of the disease from central Africa. AIDS

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could be transmitted by traders and merchants using the Nile, just as infected truck drivers passed the disease along their truck routes in Kenya and Uganda. [REDACTED] B3

Also vulnerable to HIV infection are urban elites, migratory workers, tourists, and students—including youth who study in the United States and Europe—who may become infected through unsafe sexual practices, intravenous drug use, or through contact with contaminated blood. [REDACTED]

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[REDACTED] The region's massive labor migration patterns—North Africans to Europe, South and East Asians to oil-rich Arab countries, as well as the large migratory work force within the Arab world—raise the potential risk for an increase in AIDS cases and HIV infections. At the same time, the incidence of unsafe heterosexual promiscuity among males traveling outside the Middle East and South Asia—for example, involvement with prostitutes—is considered high by some observers, which might put affluent social and economic groups able to travel abroad at a higher risk of HIV infection. [REDACTED] B3

Cultural and religious practices in the region may contribute to the spread of HIV infection and make detection and tracking of the disease more difficult. Medical authorities in many parts of the region are frequently prevented from determining cause of death because of widespread opposition to autopsies and funeral practices that call for the almost immediate disposal of corpses. Other cultural practices that involve the use of unsterilized needles and other instruments include:

- Tattooing, which is practiced widely throughout the Middle East and South Asia by men and women.
- Ritual scarring, which is prevalent in southern Sudan and among other tribes in North Africa.
- Female circumcision and infibulation, still practiced in some areas of Egypt, Sudan, and other North African countries. Circumcision increases chances of HIV transmission during sexual intercourse.

Although these practices would be expected to increase the risk of HIV transmission, there is little credible information that defines their role in spreading HIV infection. [REDACTED] B3

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[REDACTED] B1, B3 there may be a higher incidence of male bisexuality in some Middle Eastern and South Asian countries than in the West because of strict religious and cultural prohibitions against the intermingling of the sexes and the involvement of women in premarital sexual relationships. According to this view, sexual relations between men are often socially tolerated in the region—including in conservative Muslim societies such as Saudi Arabia and Iran—despite religious strictures to the contrary. In addition to abetting the spread of the disease among men through unsafe sexual practices, bisexuality increases the risk of HIV transmission to women. [REDACTED] B3

#### Coping With AIDS and HIV Infection

[REDACTED] b (1) b (3) Nevertheless, Middle Eastern and South Asian governments are becoming more concerned about the spread of the disease and are trying to find ways to cope with its potentially serious medical, financial, and political implications. An increasing number of government officials are attending international and regional conferences on AIDS and AIDS-related issues:

- Many countries sent delegations last January to an international AIDS conference sponsored by Great Britain and the World Health Organization. The executive bureau of Arab League health ministers met separately in London during the conference to discuss an Arab strategy to combat AIDS.

- Kuwait was host to a second Middle East conference on AIDS a few weeks after the London conference. The conference addressed the latest virus research, identification of the disease, means of treatment, and social, legal, and psychological problems associated with AIDS. [REDACTED] B3

Many governments are beginning to incorporate AIDS programs into their national health plans—usually with technical assistance from the World Health Organization. The efficacy of these programs, in our view, depends largely on the government's willingness to confront the disease openly, mainly through public education programs, training for health and medical personnel, and improved testing and blood screening capabilities. [REDACTED]

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Some sharp increases in AIDS-related health care expenditures have been noted. [REDACTED]

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*Testing Capabilities.* Despite public denials about the incidence of AIDS or HIV infection, many Middle Eastern and South Asian countries have initiated ambitious testing programs. Government uncertainty and even fear probably are responsible for unusually large orders of HIV test kits, a blood testing kit often used to identify individuals who are infected with HIV: [REDACTED]

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Testing procedures and practices in the region are improving only slowly. Medical personnel are often provided only the most rudimentary information on the disease, and most countries lack the capability of tracking the spread of AIDS from person to person. In addition, few health facilities have been designated to diagnose the disease and test for HIV infection. [REDACTED]

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National health plans usually emphasize testing high risk groups for HIV infection. For many countries facing financial constraints, testing high risk groups—prostitutes, eunuchs, homosexuals, and foreign workers—is a relatively low cost alternative to a comprehensive testing program. Such a discriminatory policy, however, may encourage a false sense of security among the general public about their own risk, divert attention from the need for public health education, and promote xenophobia. In addition, it fails to educate young people about the relationship between AIDS and unsafe sexual practices and drug abuse. [REDACTED] b (3)

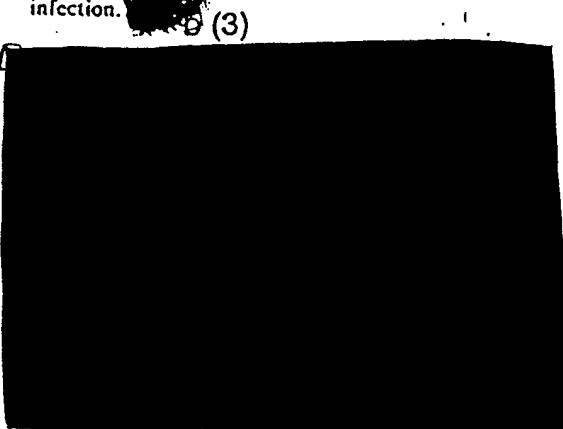
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*Screening Blood Supplies.* Despite medical evidence that AIDS has spread from blood transfusions performed in the early-to-middle 1980s when imported blood was not tested for HIV infection blood screening capabilities in Middle Eastern and South Asian countries generally remain poor. Many countries still import most of their blood supplies, although some countries have begun to rely on domestic sources for their medical needs in order to halt the spread of AIDS through infected imported blood. At the same time, most countries lack the technical expertise and equipment to screen domestic blood supplies.

- India's Directorate General of Health Services established guidelines in 1987 to govern HIV testing. All foreigners, including students and workers, who intend to stay in India for more than one year are to be tested for HIV infection. According to the Indian Council of Medical Research, 6,661 foreign students had been tested by December 1987, with 23 testing positive for HIV infection.

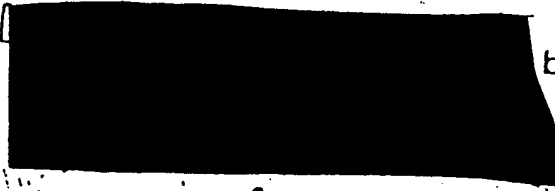


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*Other Defensive Measures.* Many countries, such as Egypt, Libya, Saudi Arabia, the United Arab Emirates, and Iraq, are requiring proof of HIV noncontamination—often referred to as AIDS-free certificates in local reporting—before granting visas and work permits to foreigners:

- Iraq deported 15 Zambian Army personnel after tests done by Iraqi doctors found them to be HIV positive.



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- Egyptian health regulations require HIV testing of all foreigners living in Egypt. Until recently, enforcement was aimed almost exclusively at students from black African states. In addition, Egypt's Ministry of Defense is enforcing requirements that call for foreigners—including US citizens—seeking security clearances for access to Egyptian military sites to present evidence that they are free of HIV infection.
- Foreigners entering Iraq are required to undergo tests in Iraq for HIV infection. Non-Iraqi medical reports are not acceptable. Three hospitals in Baghdad were assigned responsibility in late 1986 for granting health certificates to all foreigners entering the country.

Isolation of citizens with AIDS or infected with HIV is one governmental response emerging in many states—especially among the Gulf Arabs:

- Saudi Arabia issued a directive in 1985 that called for Saudis in the advanced stages of AIDS to be placed in isolation hospitals, or when necessary, sent abroad for treatment. Saudis who test positive for HIV infection will be informed of their condition.

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# Prevalence of AIDS: Selected Countries

	AIDS Cases	HIV Cases	Comment
Algeria	37 (1/88)*	60 (12/88)	Government beginning to allow open media coverage of AIDS in Algeria.
Egypt	32* (12/88)	NA	A US-born professor at American University in Cairo died from AIDS complications in late 1986. Local press editorial criticized the Egyptian Government for allowing the professor to enter the country.
India	17 (7/87)	143 (7/87)	First six cases of HIV infection found in port city of Madras - staging point for Indian soldiers going to Sri Lanka.
Iran	40* (6/87)	NA	Medical personnel believe blood transfusions and unsanitary needles are major causes of spread of AIDS.
Iraq	NA	NA	Government plans to establish a central laboratory and 26 testing centers.
Israel	45 (12/87)	201 (4/87)	Military considering testing recruits for AIDS after eight soldiers tested positive. Condom vending machines installed in military barracks.
Jordan	4 (10/87)	8 (12/88)	Public education program implemented. Jordanian Minister of Health is chairman of a committee of Arab health ministers tasked to draft legislation on Arab response to the AIDS pandemic.
Kuwait	7* (6/87)	2 (12/87)	Kuwait is planning to build a \$10.5 million treatment center for AIDS victims.
Mauritania	NA	2 (7/87)	No facilities exist to test donor blood for transfusions. European Development Fund promised to construct facility, but no date set for completion, according to untested source.
Qatar	9 (5/87)	NA	Annual purchases of HIV test kits total about 36,000 as of April 1987, according to untested source.
Saudi Arabia	3* (8/87)	NA	Foreign workers to be tested before entering the country and again three months after their arrival.
Sudan	12 (8/87)	14 (1/88)	High-risk groups identified by health officials include refugees from Ethiopia and Uganda, soldiers returning from the civil war in the south, homeless boys in Khartoum, and those living in southern provinces.
Tunisia	11 (12/87)	40 (12/87)	A Tunis hospital ward is treating only AIDS patients. Education program on AIDS planned with private US assistance - but only as part of program on sexually transmitted diseases.
United Arab Emirates	22 (1/88)	108* (1/88)	Isolation centers to be established in each emirate during 1988. Two became operational in November 1987. Patients to receive psychological counseling as well as medical treatment.

\* Date of information.

\* The number may include persons who tested positive for HIV infection as well as those who have AIDS.

\* Includes seven persons from a small sample study which tested 80 homeless boys in Khartoum for HIV infection. 9 percent tested positive.

\* The number does not include the average one carrier per day found in screening immigrants for resident visas and visa renewal applicants.

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- The United Arab Emirates is establishing isolation centers in each of the seven emirates for individuals with AIDS.
- Algeria has sent about 20 military personnel with AIDS to an old French Foreign Legion fort in southern Algeria for medical observation.

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#### Implications for US and Western Interests

A widespread perception that Westerners are responsible for spreading AIDS may fuel anti-Western sentiment in Middle Eastern and South Asian countries. Disinformation campaigns—such as the Soviet Union's in the mid-1980s—alleging US responsibility for the outbreak and spread of AIDS might make some countries reluctant to allow expanded US commercial presence or grant military basing agreements and port calls. Disinformation efforts have focused on intentional US delivery of infected blood to Third World nations, the danger posed by HIV-infected US servicemen, and purported scholarly works alleging intentional US production of the virus. Some locally inspired disinformation has surfaced in the Middle East and South Asia.

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Middle Eastern and South Asian countries will probably request increased Western medical and technical assistance to deal with the pandemic over the next several years. Egypt and Sudan have sought the help of the US Naval Medical Research facility in Cairo in setting up their national health plans, testing facilities, and blood screening programs. Sudan has asked the European Community to provide technical support to help establish a central AIDS laboratory in Khartoum and three other regional laboratories. The allocation of scarce domestic resources to deal with the AIDS problem in poor countries almost certainly would prompt requests for offsetting external assistance.

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Countries in the Middle East and South Asia probably believe the United States and other Western nations have a special responsibility to help combat the spread of AIDS, as they associate the disease with perceived Western decadence—including sexual promiscuity and drug abuse. Most governments probably expect the United States and other Western nations to allocate financial, medical, and technical resources for AIDS research. In particular, these countries almost certainly will continue to rely on the West to develop vaccines, inexpensive and accurate test kits, and therapies that could be used in the less developed world.

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# Libya-Chad: Is It Qadhafi's Move? ~~SECRET~~ B3

Six months after the last battle in Chad, Libyan forces are less fearful of another Chadian assault.

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The Libyan relaxation may be justified because it appears that plans for a major Chadian offensive to recover the Aozou Strip have been suspended. Both Tripoli and N'Djamena have been content to maintain the cease-fire declared last September while pursuing diplomatic initiatives. Both appear interested in at least going through the motions of pressing their legal claims to the Aozou Strip in the Organization of African Unity. ~~SECRET~~ (3)

Qadhafi may not be looking for an early end to this lull in the war, but we believe—for the first time since his troops recovered Aozou village from a Chadian force last August—he is considering whether the next move is his. ~~SECRET~~ b(3)

## A New Libyan Offensive Option

We believe the Libyans have moved to the front in northern Chad and to support bases in southern Libya more forces than they consider necessary for a static defense.

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*Libyan Probes Likely.* In our view, the near-term object of this buildup is to mount probes to expand the buffer between Chadian forces and Libyan outposts in the Tibesti mountains. This would be an aggressive defense intended to better secure Qadhafi's grip on the Aozou Strip and perhaps to test the US and French response. ~~SECRET~~ b(3)

Qadhafi almost certainly is resolute in his determination to hold the Aozou Strip, which contains the northern third of these mountains. Strong evidence of this intent was his insistence on the recovery of Aozou village from Habre's forces after two unsuccessful and costly Libyan attempts. The Libyan hold on the Aozou Strip remains in jeopardy, however, as long as thousands of Chadian government troops dominate the southern two-thirds of the Tibesti range. ~~SECRET~~ B3

Bardai would be a natural strategic target for the Libyans. Seizing it would allow them to reinstall pro-Libyan Chadian rebels in what had been their capital from 1983 to 1987. It also has symbolic value as the largest population center north of Faya Largeau. ~~SECRET~~ B3

The Chadian force's staging area at Zouar, 125 kilometers south of Bardai, would be another attractive strategic target. The Libyans may calculate

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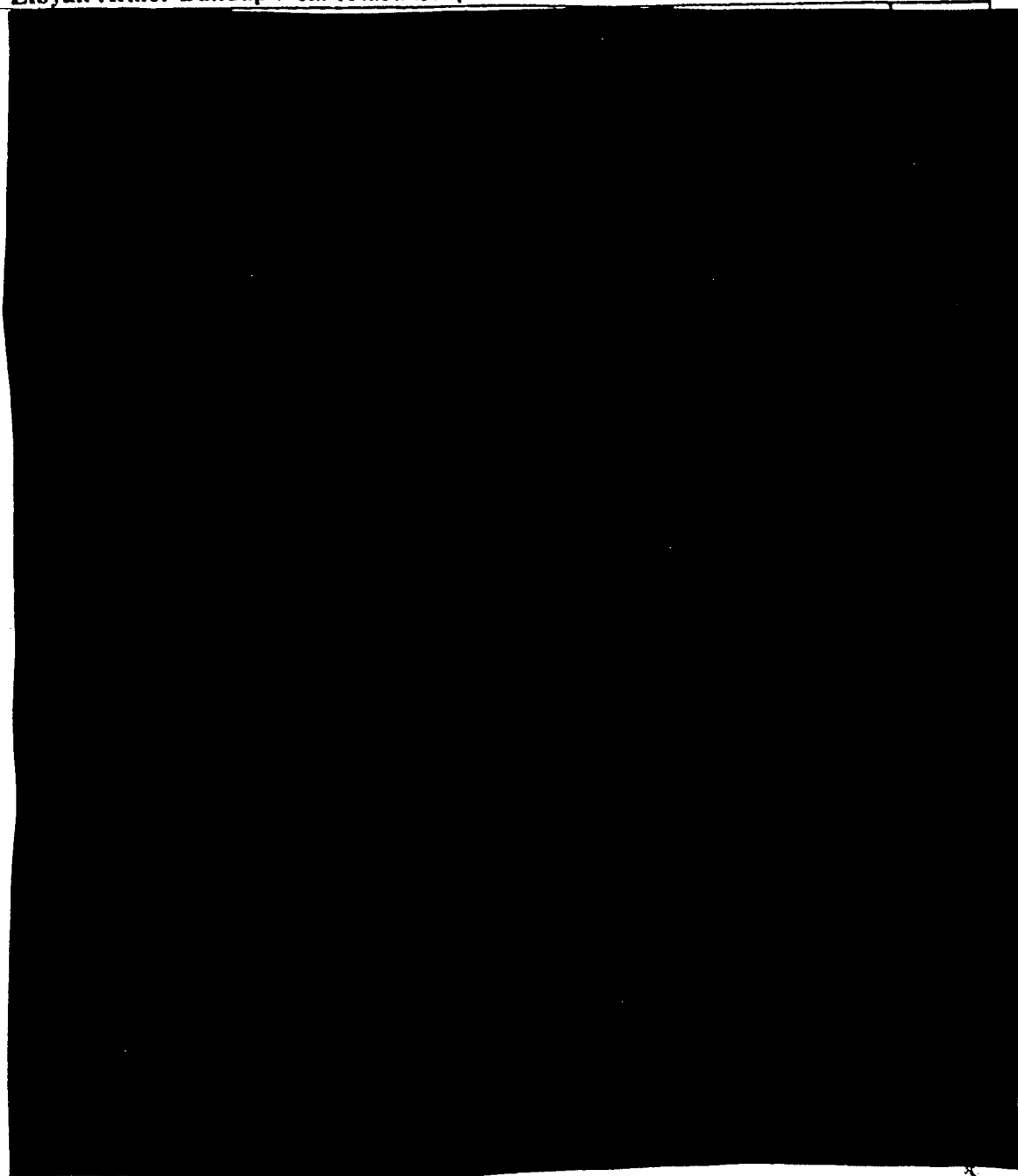
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**Libyan Armor Buildup Near Aozou Strip**



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that, if Zouar could be taken quickly, the Chadian position at Bardai would become untenable and the Chadians would lose their ability to mount a serious attack against Aozou airbase. [REDACTED] b3

The Libyan style of probing—as displayed several times in the last 18 months—is to send out one or two units of battalion strength to try to set up a forward camp. If the position is viewed as tenable, it is reinforced and used as a springboard for further deployments toward Bardai or Zouar. [REDACTED] b3

A more modest program would be to use Chadian rebels for these probes. In view of the rebels' repeated ineptness over the years, the Libyan military commanders probably have no illusions about what they can accomplish. Nonetheless, the Libyans view rebel casualties as more tolerable than Libyan ones, and ground gained by a lucky rebel probe would amount to getting something for nothing. [REDACTED] b3

We believe that Habre's forces in the Tibesti could easily blunt probes by either the Libyans or the Chadian rebels, although they may choose to give ground on occasion. Chadian fighters have successfully ambushed advancing Libyans in the last 15 months. Once ambushed, the Libyan troops have shown little desire to stand their ground. In our view, there are only two situations—neither of which is likely to occur—that would allow the Libyans to gain meaningful ground in the Tibesti:

- The Chadians are caught offguard by the thrusts, and their best commanders—men who could organize a large and rapid response—are absent from the front.
- The rainy season (normally June through September) in southern and central Chad is so intense that supply convoys from N'Djamena cannot reach the Tibesti mountains. [REDACTED] b3

Libyan probes beyond the Tibesti are also possible but would have less meaning for the war, in our view. Over 300 kilometers separate the Libyan base at Ma'tan as Sarra from the Chadian stronghold at Ounianga Kebir, the most immediate strategic target beyond the Tibesti. We believe that Chadians are well positioned to stop a Libyan armored battalion approaching from that axis without drawing on any of their units in the Tibesti. [REDACTED] b3

*Timing for Probes.* Libya has the forces in place to begin a campaign of probes at any time, providing they are not thrown back to a strictly defensive posture by a Chadian assault. Information is not available to gauge accurately Qadhafi's timing on this option, but several factors, in our view, indicate he will wait at least until midspring. Qadhafi probably wants to follow through with the presentation to the Organization of African Unity of Libya's claim to the Aozou Strip to avoid being branded the aggressor. After several postponements, the Organization of African Unity committee assigned this dispute is tentatively scheduled to discuss the issue in early April. Even with an adverse outcome, Qadhafi probably calculates he will have gained political capital by pursuing the diplomatic route. [REDACTED] b3

Qadhafi probably has an eye on the French presidential election, set to begin on 24 April and conclude on 8 May. We judge that France's inclinations have always been part of Qadhafi's plans regarding Chad. He is probably sincere in his belief that France is largely responsible for Libyan defeats in Chad. Qadhafi may want to wait long enough to assess who has the best chance of being France's next president and whether that government will be more or less supportive of Habre. [REDACTED]

Maghreb diplomacy probably is affecting Qadhafi's timing in Chad. Initiatives for tripartite cooperation between Libya, Algeria, and Tunisia remain active after six months of fitful negotiations. Qadhafi's visits to Tunis and Algiers in February highlight his interest in developing meaningful ties to these neighbors. He almost certainly realizes that precipitate Libyan military action in Chad would derail this effort. [REDACTED] b3

Delaying probes until midspring would allow Tripoli more time to bring Goukouni Weddeye back into the Libyan camp. Goukouni is back in Libya [REDACTED] b6, b7C after several months of trying to secure a position of influence in the Habre regime. [REDACTED]

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Morale problems at the warfront have been chronic, at times crippling Libyan combat effectiveness. We believe Libyan commanders would drag their feet on orders to prepare an offensive, stalling Qadhafi with excuses about logistic and manpower constraints. b3

A few developments could prompt Qadhafi to order much earlier action in Chad.

Logistic problems would have to be resolved before a major offensive could be launched. The Libyans would need to move 100 to 200 heavy lift transporters to the front to carry tanks and armored vehicles quickly into Chad's interior.

These could be followed quickly by Libyan ground probes if the Libyan commanders judge that the Chadians have been seriously weakened. Another precipitating development could be if the Organization of African Unity again postpones consideration of who is sovereign over the Aozou Strip or appears resolute in deciding in Chad's favor. b3

even without conscious foot-dragging by the commanders, the Libyans would normally take at least two months to prepare an operation of that magnitude. b (1) b (3)

#### An Alternative Scenario

Although it is unlikely in the next several months, we cannot rule out that Qadhafi will order his forces to recapture Ouadi Doum and Faya Largeau.

Qadhafi probably could coerce his front commanders to prepare and launch an offensive to recover northern Chad, but we anticipate that Habre's forces could turn it back. As with the Libyan operation to attack Fada in early 1987, Habre probably would receive early warning of Libyan preparations and have at least a few weeks to prepare a response. Assuming the Chadian Government forces fight with the same enthusiasm and competent leadership that they displayed in 1987—and barring a lucky Libyan blow, perhaps with chemical weapons—the forward momentum of the Libyan force would quickly disappear. b (3)

Qadhafi may be deluded that the 2,000 or so Arab mercenaries he has moved to the front could spearhead such an offensive. We believe that none of these mercenaries—primarily Yemenis, Palestinians, and Lebanese—can alter the balance with Habre's forces. Reliable sources report that the mercenaries are dissatisfied with their pay, accommodations, and mission, and some have left Libya. We doubt that many will consent to risk death repeatedly on behalf of Qadhafi's adventurism, although conceivably they could be duped into heading one or two attacks. b3

A scenario in which the Libyans would have a much better chance of success is one in a post-Habre Chad. Were Habre to be assassinated, disarray among the government forces would be almost a certainty as several factional leaders vied for the presidency. Chad's strongest field commanders might be preoccupied away from the front. Qadhafi may be preparing his force to take advantage of such an opportunity should it arise, while conducting probes in the Tibesti mountains to increase the security of Libya's grip on the Aozou Strip. b (3)

Qadhafi would have to be extremely optimistic to believe that Libyan troops would obey orders to push deep into Chad.

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# Tunisia: Improved Debt Prospects [REDACTED] b (3)

The Tunisian economy—backed by an International Monetary Fund standby loan in November 1986 and energized by a vigorous new president—has moved from near bankruptcy 18 months ago to renewed economic growth and a solid international credit rating. External debt peaked at an estimated \$7.3 billion at the end of 1987, and the debt service ratio will probably decline as Tunisia refinances its debt on more favorable terms and exports increase. The new government has ended disruptive political maneuvering over succession and now faces the challenge of easing unemployment and laying a firm foundation for continued economic growth through export diversification. We believe the government will continue its market-oriented economic program over the next several years, fostering steady economic growth and continued access to credit and bolstering prospects for political stability [REDACTED] b (3)

## Mounting Debt Problems

Tunisia's foreign financial problems steadily worsened in the 1970s and early 1980s. Rapid economic growth in the 1970s gave Tunisia easy access to loans and led to high spending on numerous uneconomic, public projects. Debt increased in the 1980s as domestic spending remained high despite a reduction in export revenues resulting from sluggish markets for phosphate and oil—Tunisia's main commodity exports [REDACTED] b (3)

A crisis occurred in mid-1986 when foreign exchange reserves were exhausted and the current account deficit rose to \$700 million. Although Tunis sought foreign funds to meet interest payments, foreign lenders refused to help until Tunis implemented a structural adjustment program [REDACTED] b (3)

## Turning the Corner

Faced with a dire payments position, Tunisia signed its first International Monetary Fund standby agreement—which provided \$294 million over 18 months—in November 1986. The World Bank agreed to double assistance to \$300 million for 1987. In May

Table 1  
Tunisia: External Debt, 1979-87

	Billion U.S. \$
1979	3.6
1980	4.0
1981	4.1
1982	4.7
1983	5.1
1984	5.4
1985	6.4
1986	6.9*
1987	7.3*

\* Revised  
\* Estimated.

1987, Tunis replaced Prime Minister Mzali, whose vacillation contributed to the crisis, with Rachid Sfar, a more able economist [REDACTED] b (3)

Creditor confidence in Tunisia rose further in November 1987 when former Army general and Prime Minister Ben Ali deposed the senile President Habib Bourguiba for health reasons. Under Bourguiba, rigid economic regulations had become a major hindrance to economic development. Ben Ali's early decisions as president indicate he is more committed to economic reform than his predecessor. For example, he has appointed a reform-minded economist as chairman of the Central Bank. [REDACTED] b (3)

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Table 2  
Tunisia: Debt Indicators, 1979-87

	1979	1983	1986	1987
Debt/exports of goods and services	138	173	250	210
Debt service/exports of goods and services	28	27	38	38
Interest payment/exports of goods and services	10	10	15	15

• Revised.  
• Estimated

[REDACTED] b (3)

Tunisia has met or exceeded all conditions of the IMF standby loan. As of mid-1987, Tunisia had:

- Allowed the currency to depreciate. From the end of 1985 to August 1987 the dinar depreciated about 10 percent. This decline helped increase the value of exports by about 12 percent last year.
- Begun to close money-losing state enterprises. For example, in December 1987, Tunis announced the closing of the state-owned auto assembly plant that lost more than \$50 million in 1987. The decision to close a large, highly visible firm sent a clear signal to the public and private sectors that the new government was unwilling to continue heavy subsidies.
- Created a short-term credit market for borrowers and lenders to arrange loans without Central Bank approval of each transaction. The move will probably increase foreign and domestic investment and help develop the private sector. [REDACTED] b (3)

As a result, Tunisia has largely restored its credit rating. Tunis has stated that rescheduling of existing debt is not in its interest and that none will be requested. In December 1987, Tunisian debt sold for about 97 cents on the dollar in secondary markets, an indication of creditor confidence. [REDACTED] b (3)

#### Cost of Reform

The reforms have increased unemployment slightly and led to consumer and worker dissatisfaction as inefficient firms are shut down and subsidies decline. Ben Ali believes the costs and risks to domestic stability are manageable. Open dissent has been minimal primarily because the government has astutely explained beforehand the need for reforms and taken steps to reduce hardship. For instance, Tunis has promised to pay displaced automobile workers during their transition to the private sector. Moreover, public tolerance was demonstrated when food subsidies were recently reduced without provoking public demonstrations, whereas a similar reduction of bread subsidies in 1984 produced widespread riots. [REDACTED] b (3)

#### Outlook

We believe the debt situation will improve in 1988. Lenders are optimistic that progress on debt and economic reform will continue, and they will provide the \$800 million Tunis will seek to borrow this year. As much as \$150 million will be commercial borrowing -- the first since 1986. [REDACTED] b (3)

The debt service ratio will probably fall for the next several years. Interest payments will decrease over the same period because many of the new loans have long grace periods. At the same time, exports of goods and services should rise steadily as Tunis pushes its export promotion program. [REDACTED] b (3)

Tunisia will almost certainly continue to restructure its debt as it moves away from short-term debt and project financing. We believe Tunis may sign up for the Extended Fund Facility now being discussed with the International Monetary Fund that would provide easier terms, including a longer repayment period. Furthermore, several major Arab donors have agreed to lend for foreign payments relief rather than for specific projects. [REDACTED] b (3) b (1) b (3)

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# *The Economy at a Glance*

Tunisia has a broader resource base than most Middle Eastern countries. It has had to diversify earlier and farther because, unlike other oil exporters, its oil will run out early in the 1990s and it will become an net oil importer. Per capita gross domestic product is about \$1,250, as compared with \$510 in Morocco and \$2,500 in Algeria. The current account deficit in 1987 was about \$650 million, down significantly from 1986: [REDACTED]

b (1) b (3)

[REDACTED] b (3)

About half the 7 million Tunisians are under 20. The population growth rate of 2.3 percent per year and the urbanization rate of 3.7 percent are the lowest in the region. Even so, job creation is a major concern because the labor force grows about 4 percent per year. Official estimates of unemployment are about 16 percent of the labor force. These estimates, however, consider neither teenage unemployment nor the large number of people employed in the informal sector. [REDACTED] b (3)

Agriculture, long the main sector and vulnerable to haphazard rainfall, will decline in relative importance and become more diverse. This sector accounted for 14 percent of the gross domestic product in 1987, down from 19 percent in 1971. Agriculture will respond more broadly to market forces as Tunis phases out subsidies on inputs and increases producer prices to international levels. Cereal grains are the staple food and account for one-fifth of agricultural production. Yields have increased in nondrought years because of the introduction of high-yield variety seeds. [REDACTED]

[REDACTED] the next harvest will be one of the poorest in recent years and Tunisia will have to increase its grain imports substantially. Fish production has increased for the last several years as investment in equipment and training has paid off. [REDACTED] b (3)

Manufacturing made up about 13 percent of the gross domestic product and grew about 6 percent in both 1986 and 1987. Tunisia has stressed its comparative advantage in light industries such as textiles, leather,

wood, and paper, and those products grew most rapidly in 1987. To encourage investment the government has made profitability the main investment criterion, provided tax incentives to investors, and assured repatriation of nonresidents' profits to lure foreign investment. We believe these probusiness policies will continue to boost gross domestic product growth and exports over the next decade. [REDACTED] b (3)

Earnings from tourism, the service sector's most dynamic component, have fluctuated widely in response to political and economic events. For instance, in 1986 tourism earnings fell about 7 percent largely because of the overvalued dinar, the Israeli airstrike on Palestine Liberation Organization facilities in Tunis, the severance of relations with Libya, and tighter exchange controls imposed in Algeria. Libyans and Algerians had frequently gone to Tunisia on short shopping trips. The depreciation of the currency in late summer 1986 sparked a return of European tourists, but not enough to prevent a decline in revenue. Tourism earnings rebounded sharply in 1987, growing about 20 percent, as Tunis advertised more vigorously and Europeans continued to respond to the devaluation. A package of tax incentives presumably will increase investment in hotels, restaurants, and other facilities—for example, near the sites of Roman ruins. [REDACTED] b (3)

Remittances from Tunisians overseas were estimated by the International Monetary Fund at \$386 million in 1987—about the amount of interest paid on medium- and long-term debt. Most Tunisian expatriates are in Europe and not in the Persian Gulf and are, therefore, more likely to remain abroad. We believe the expatriates hold large amounts of unremitted money and are a source of even further funds. Furthermore, several measures taken by Tunis to revise investment codes and banking regulations probably will further tap those funds. [REDACTED] b (3)

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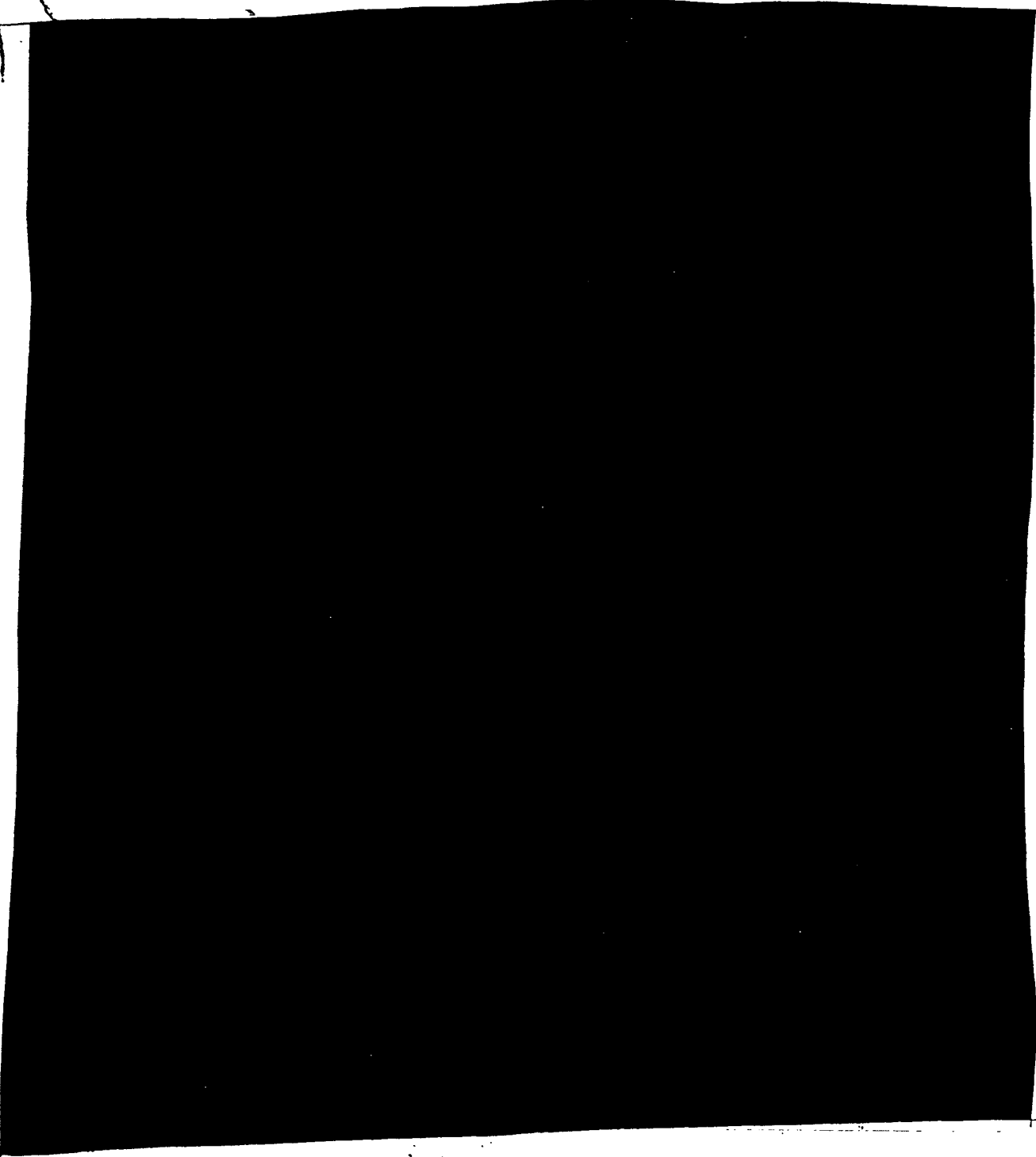
The broad economic reforms under way will improve the stability of the new government by making investment more attractive to both domestic and foreign entrepreneurs. Tunisia will continue to need outside funding for development, which should be readily available if the new government continues its market-oriented programs. We expect the International Monetary Fund will provide a favorable new program and World Bank funding will continue at high levels. Moreover, Arab and Western investment probably will increase. [REDACTED] b (3)

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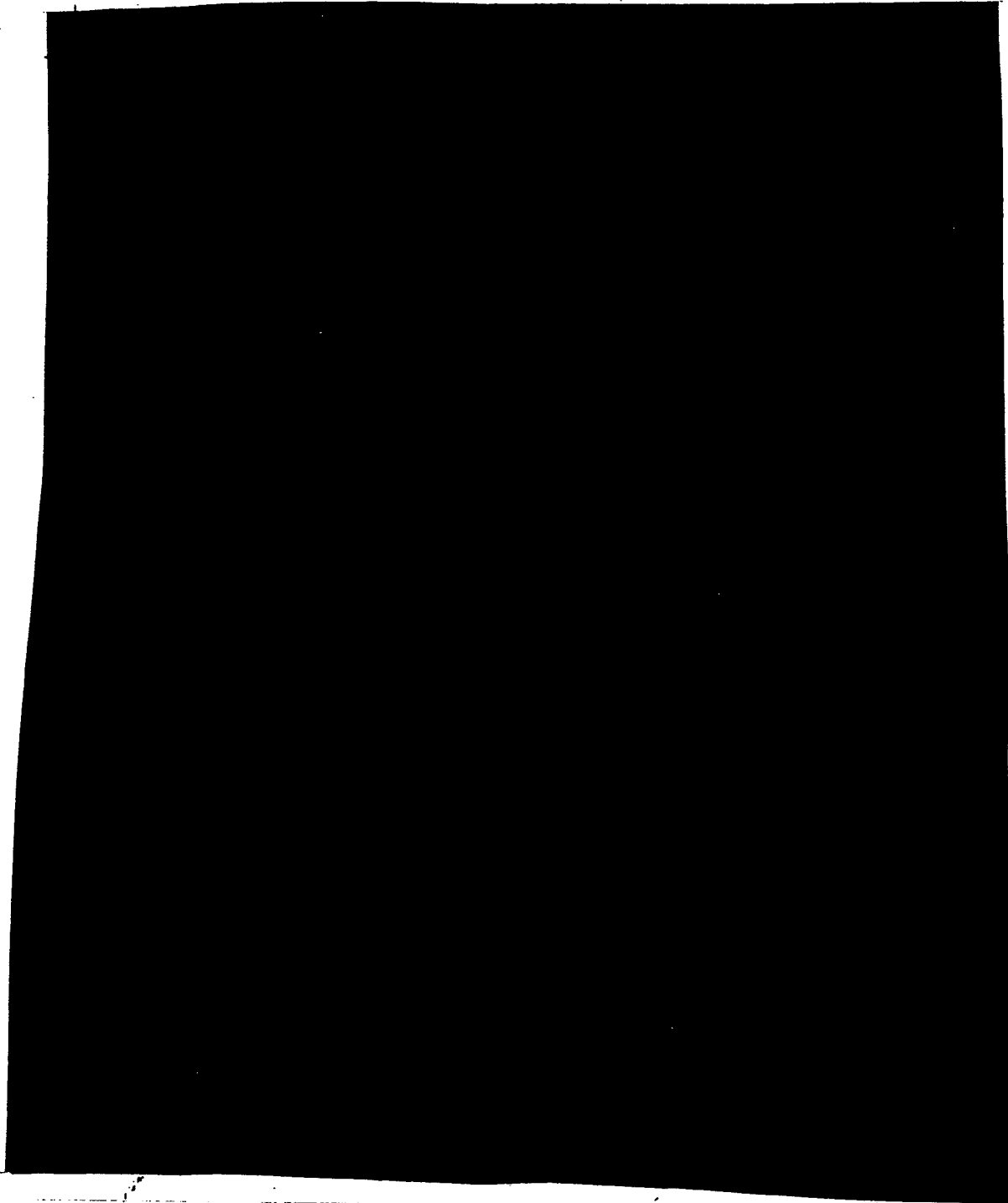
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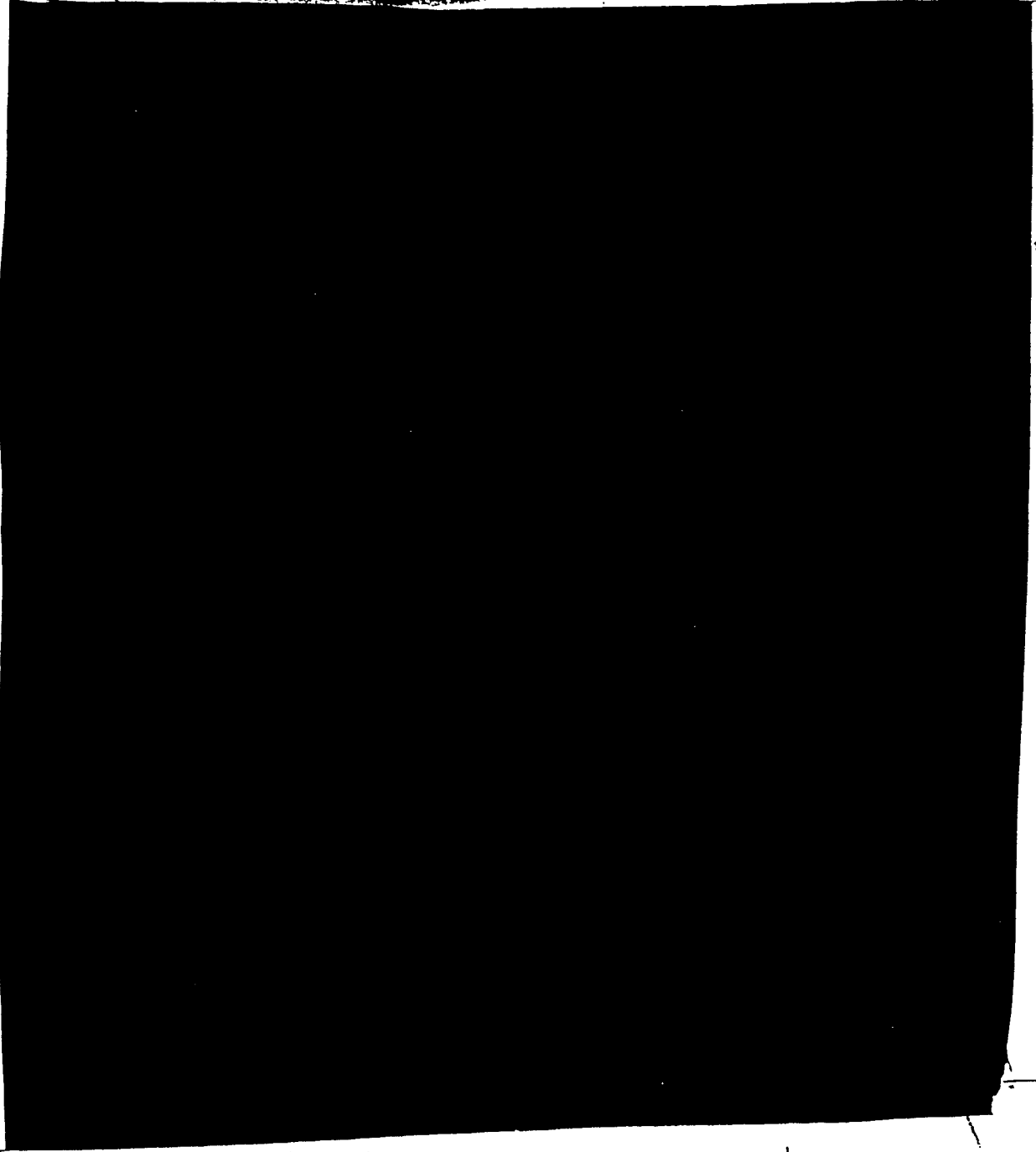


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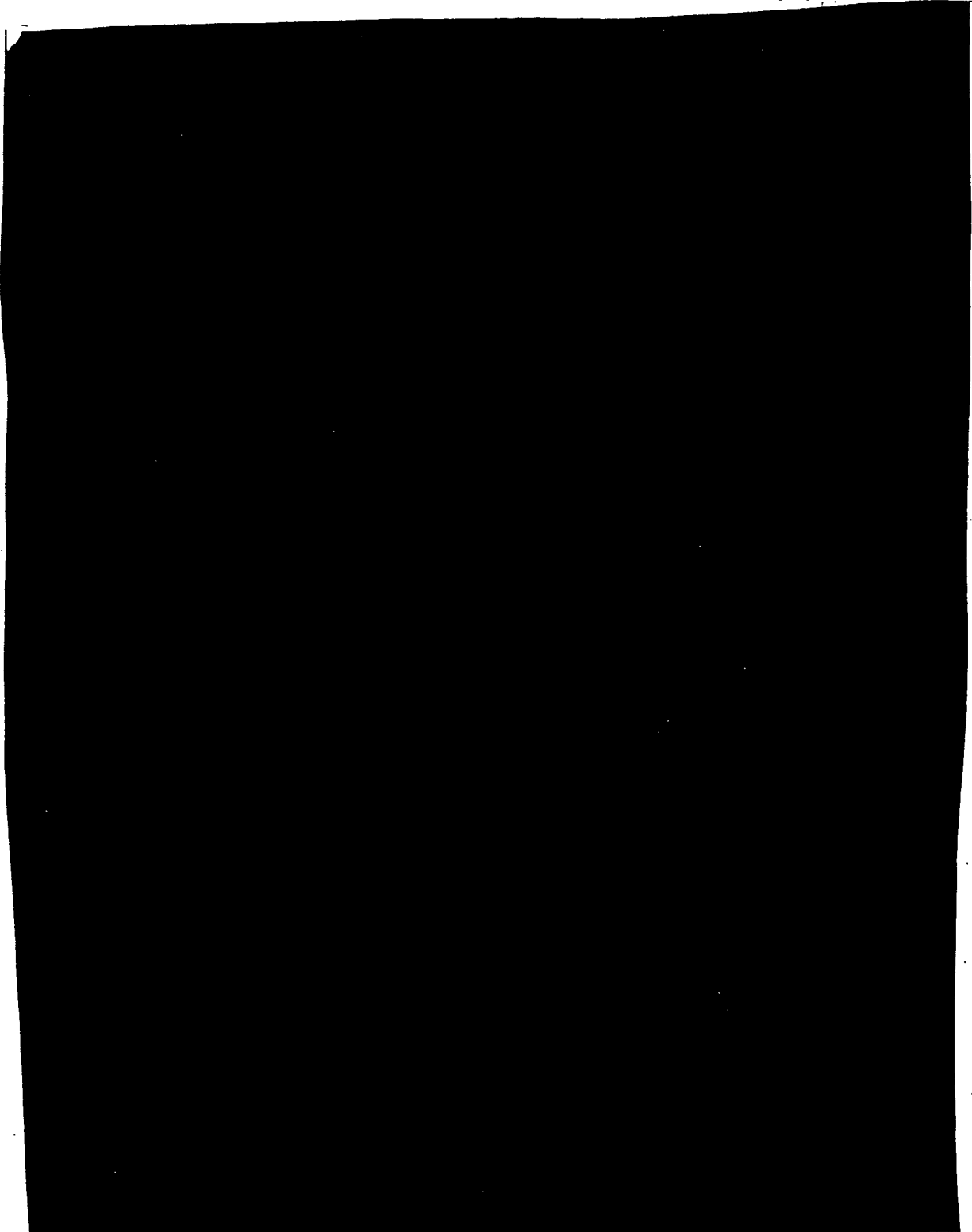
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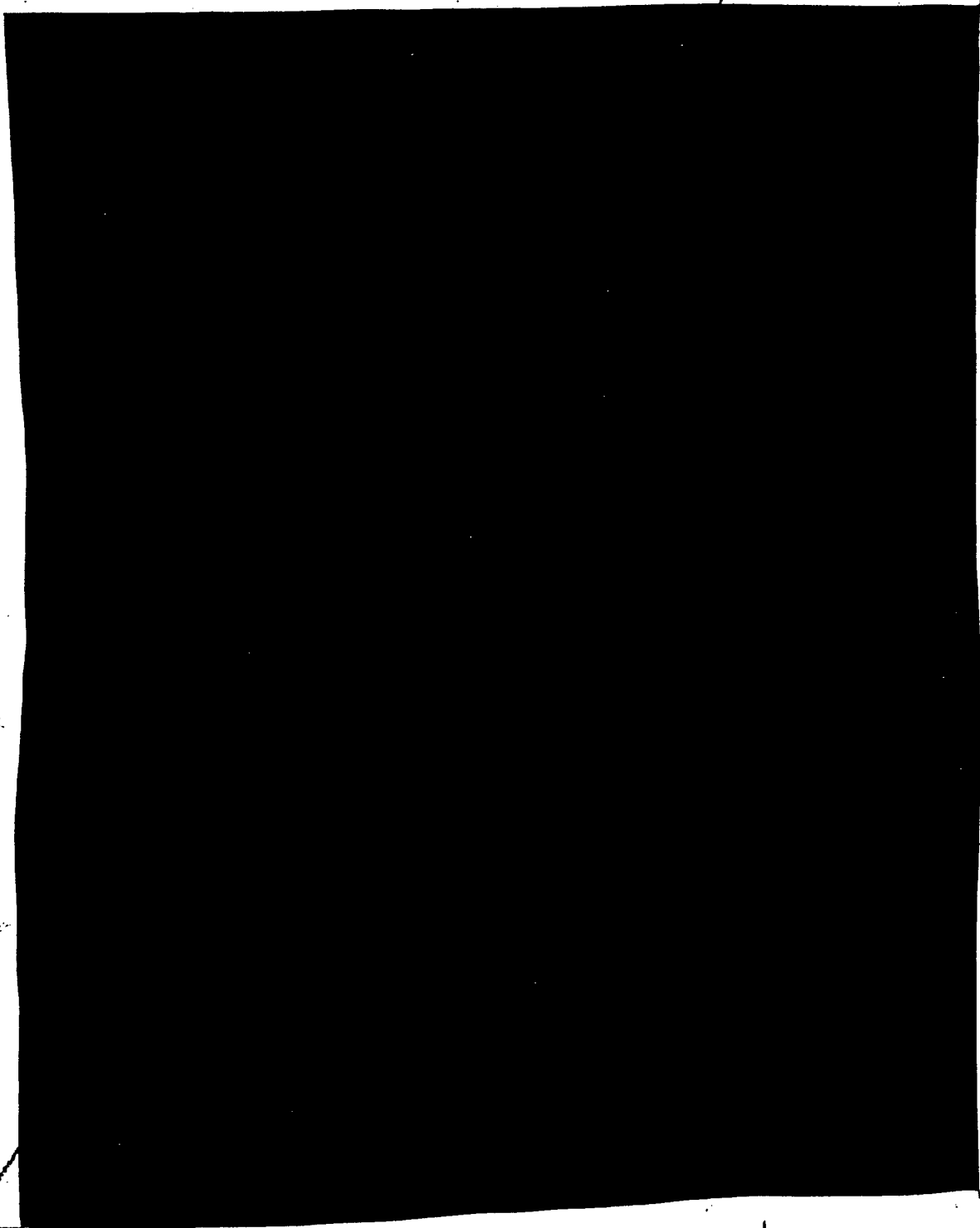
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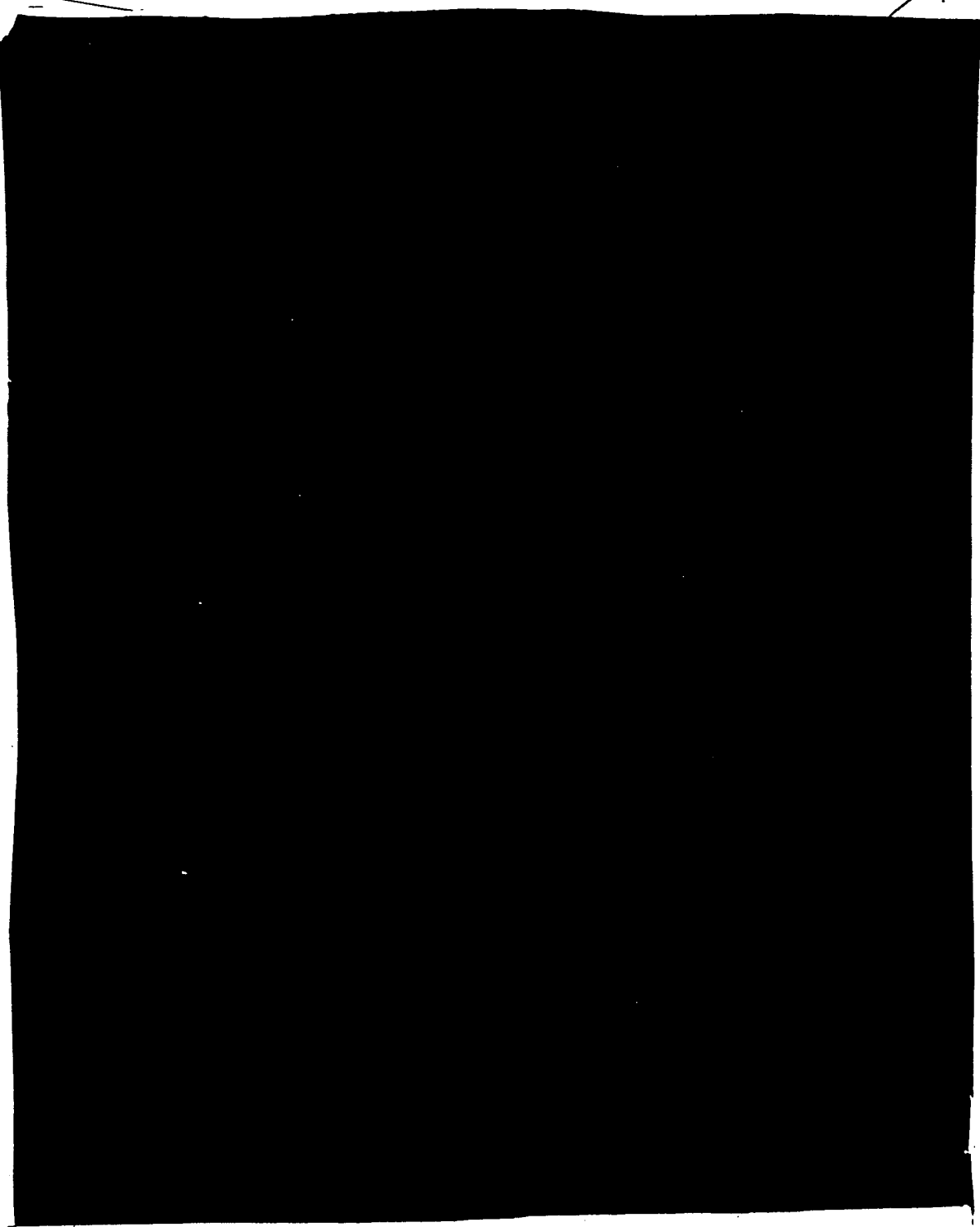
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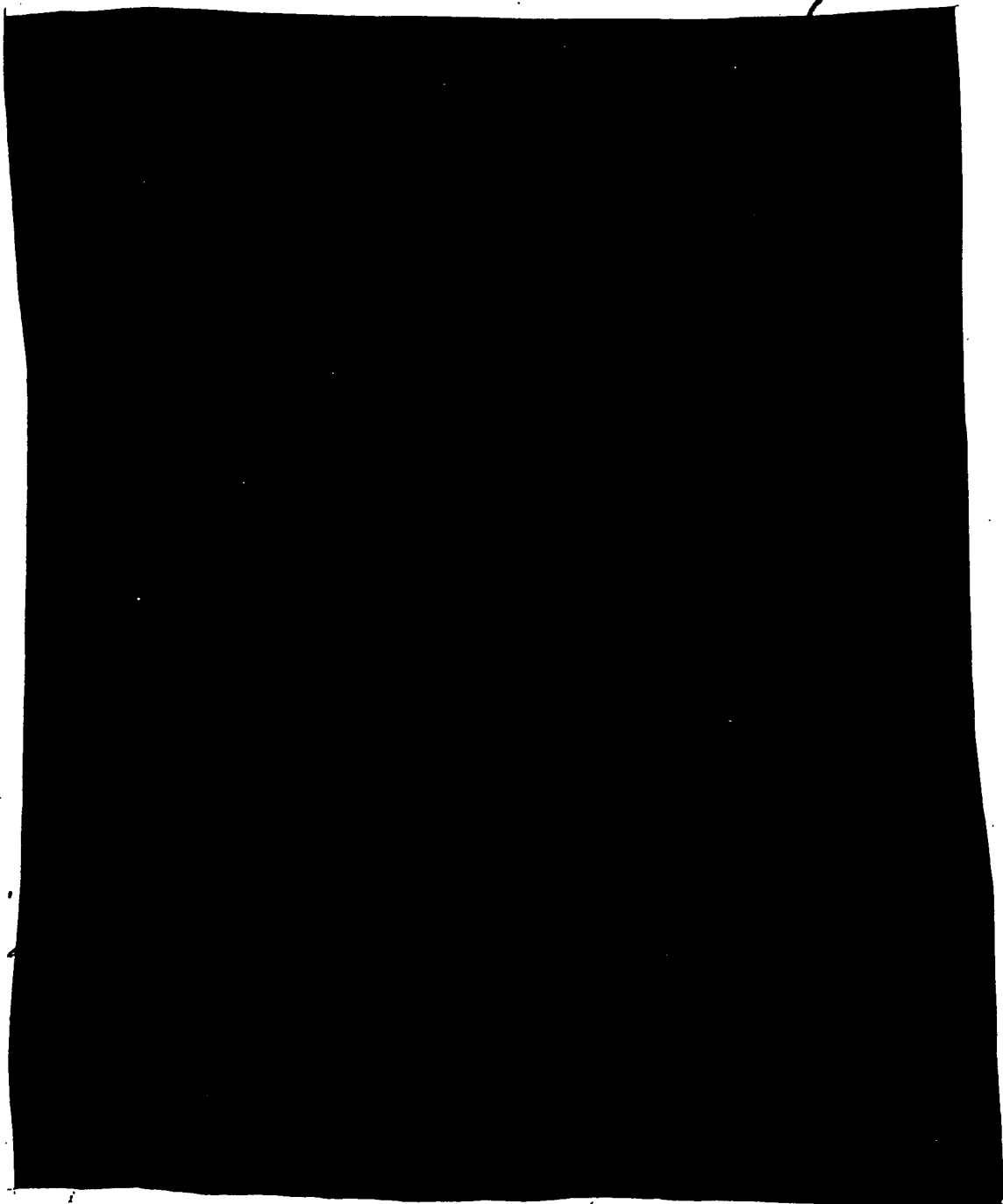
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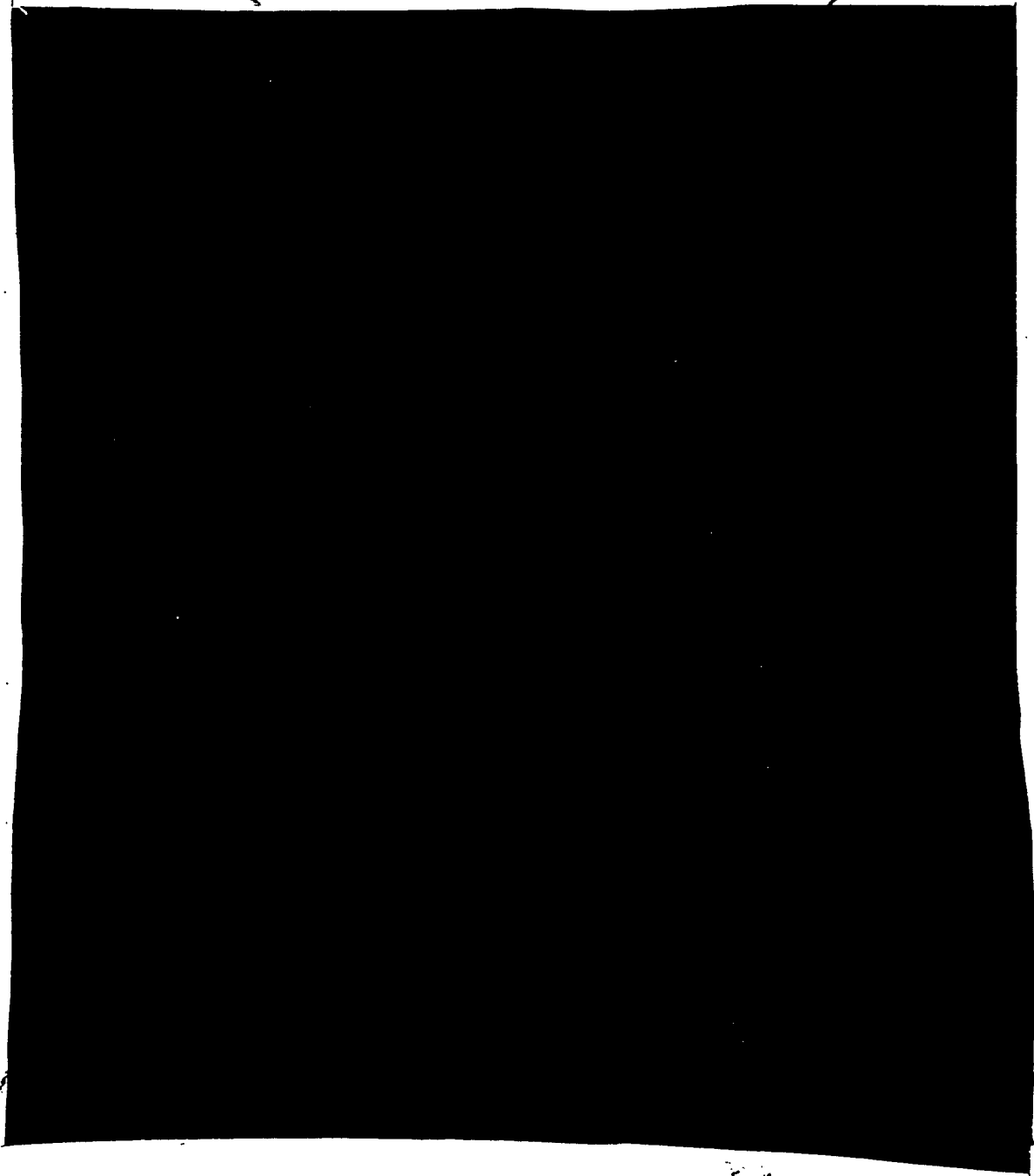
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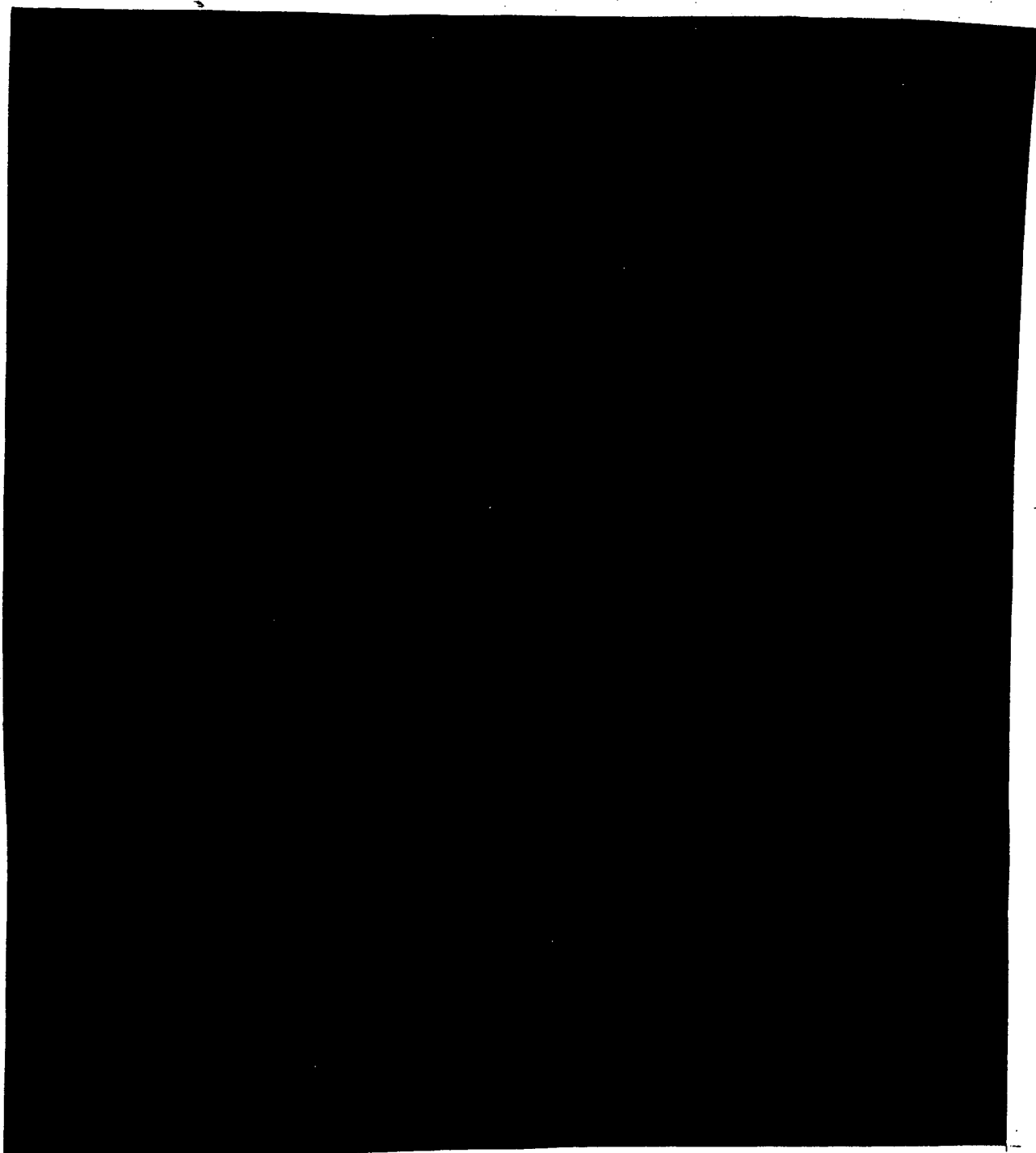
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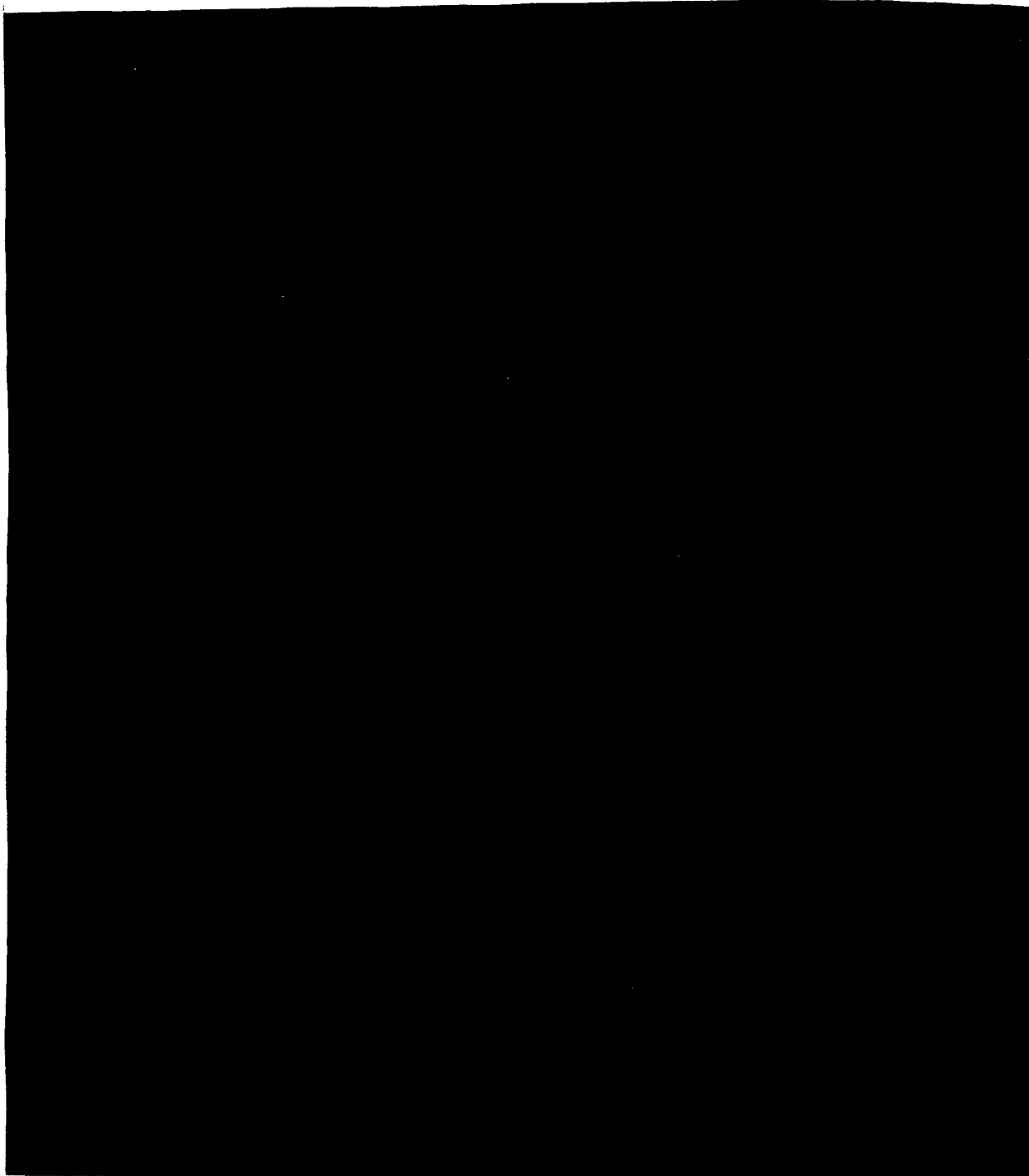
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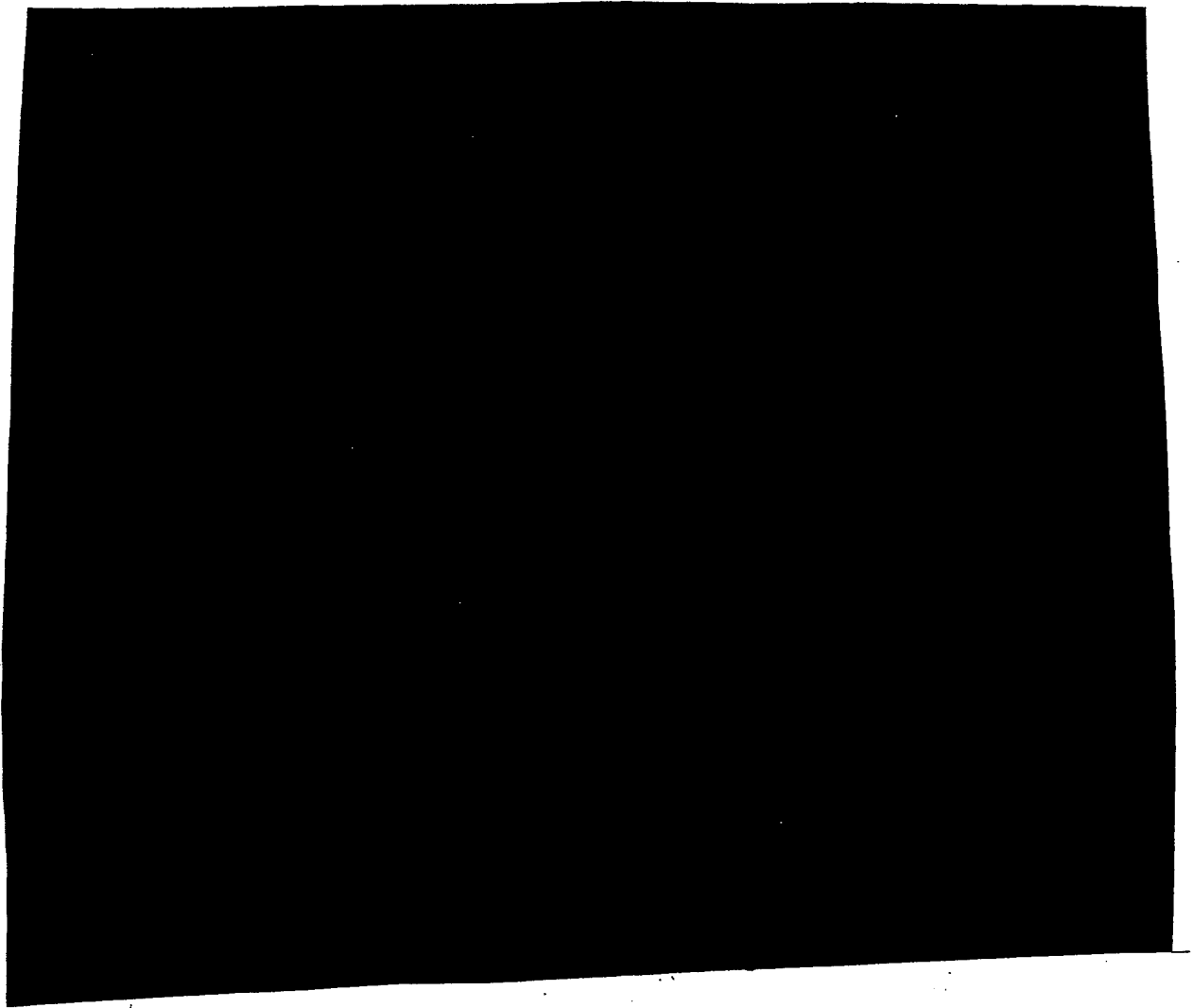


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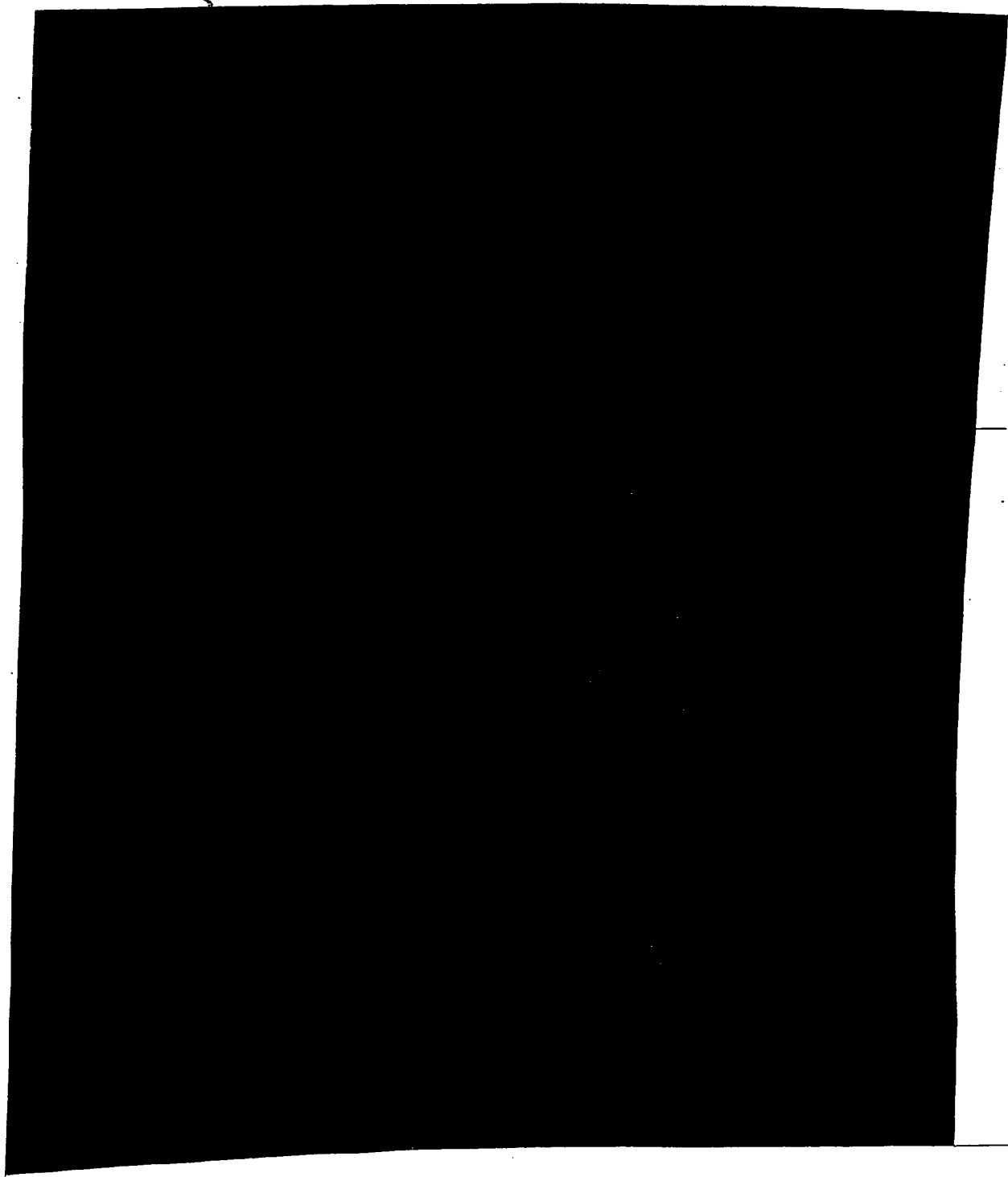
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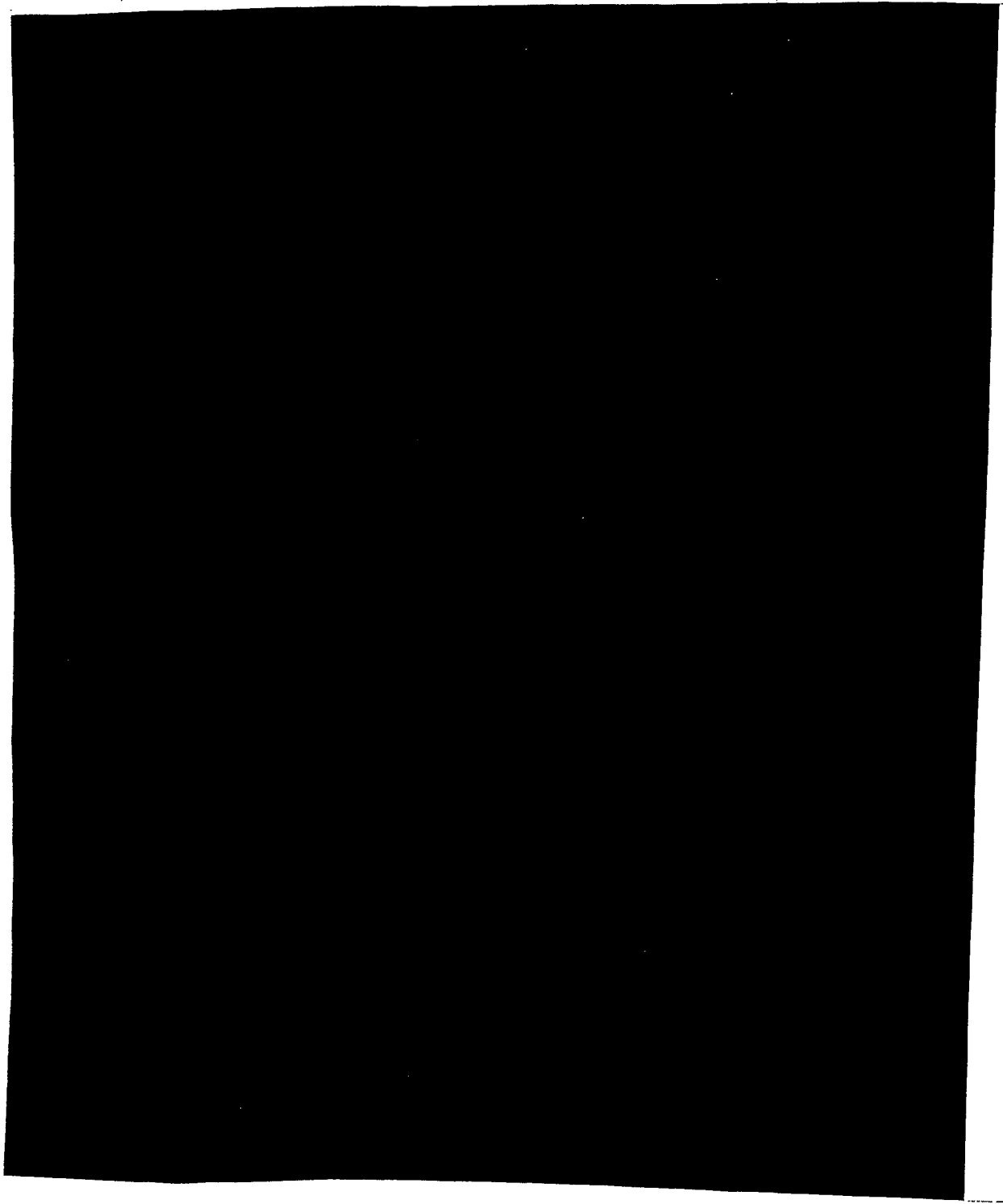


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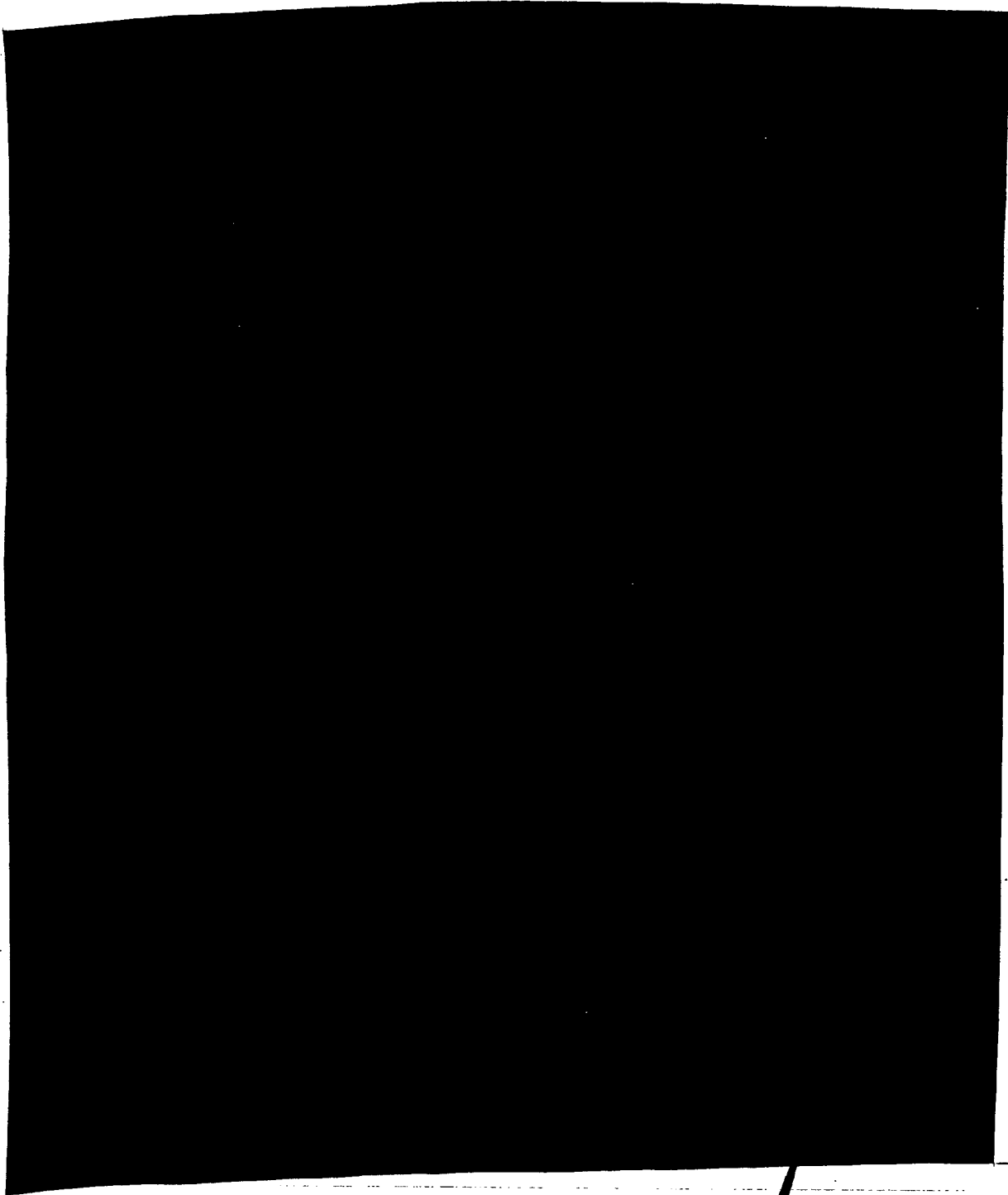
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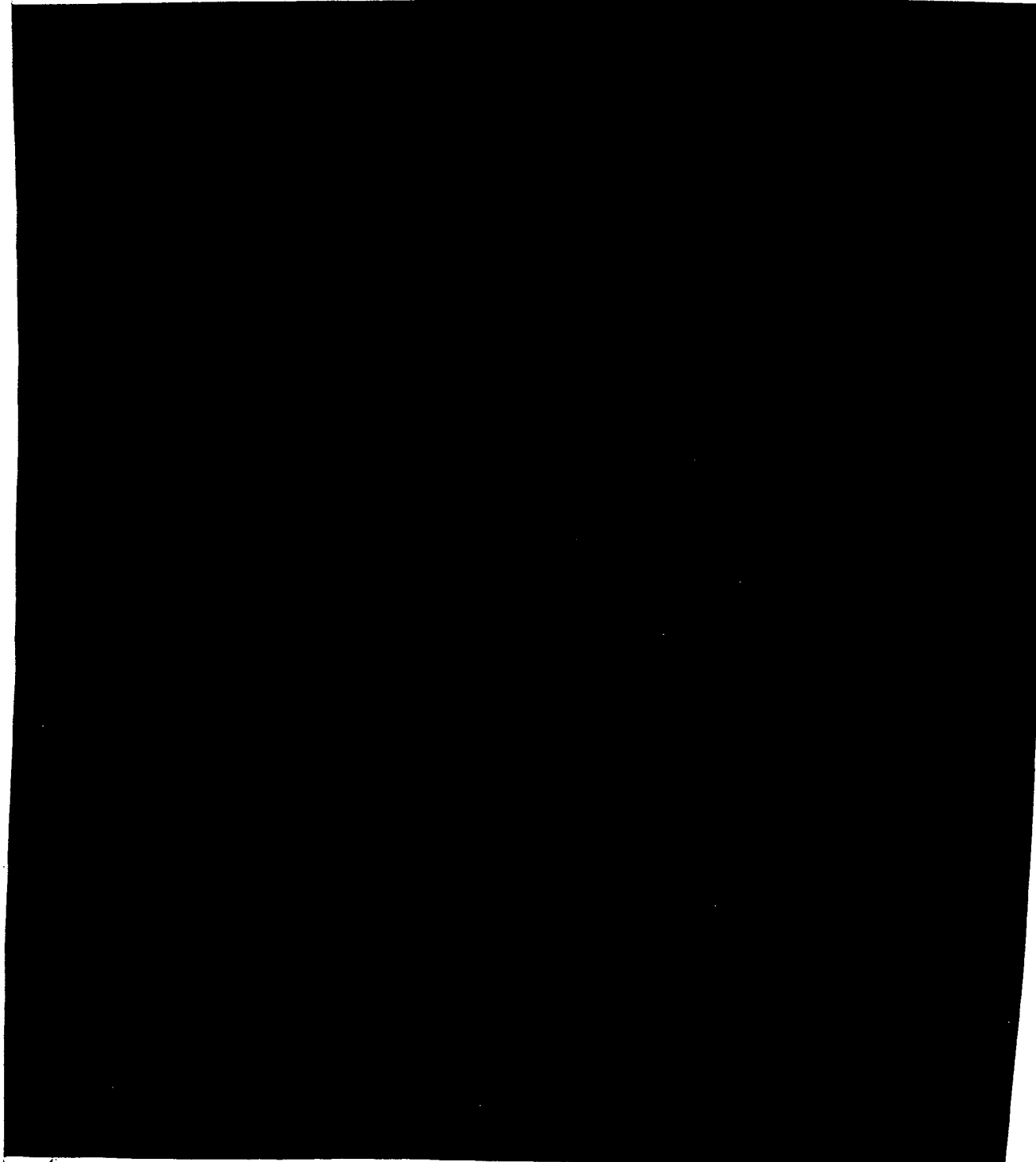
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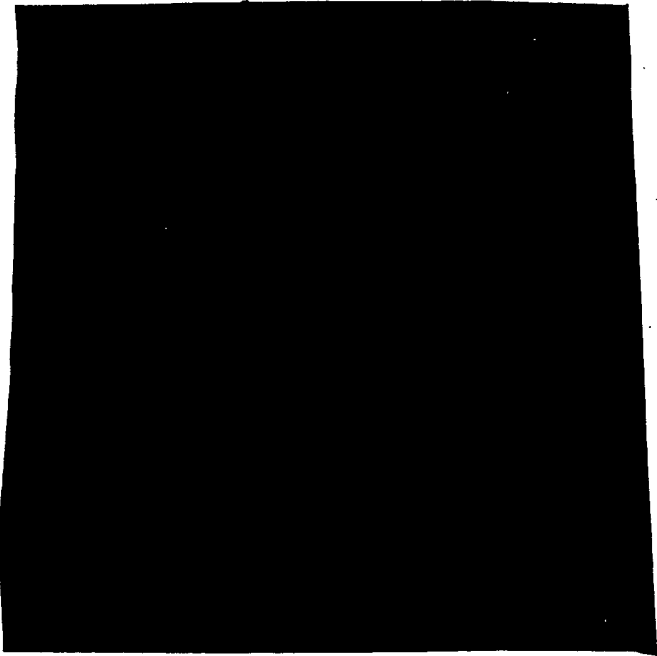
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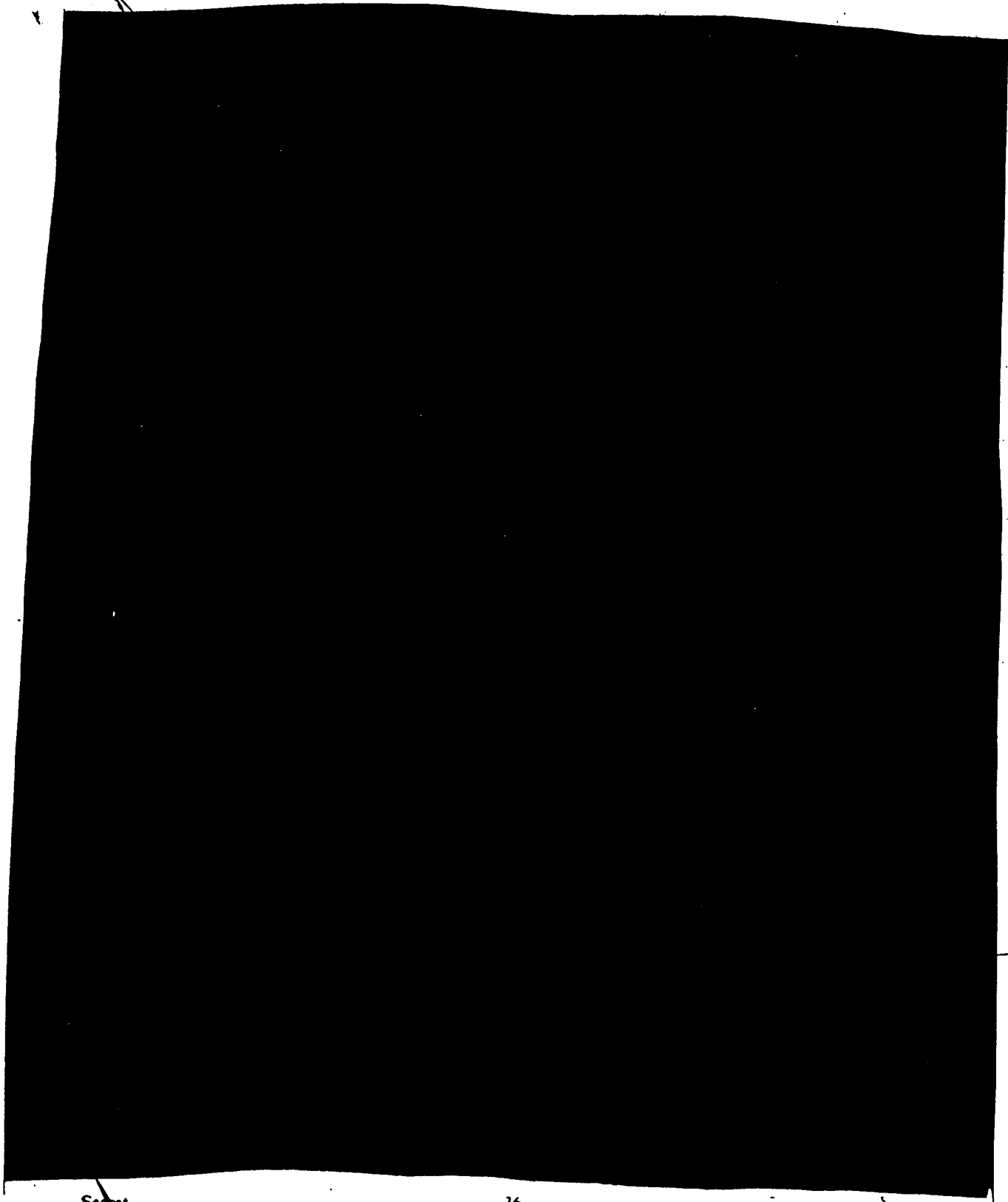
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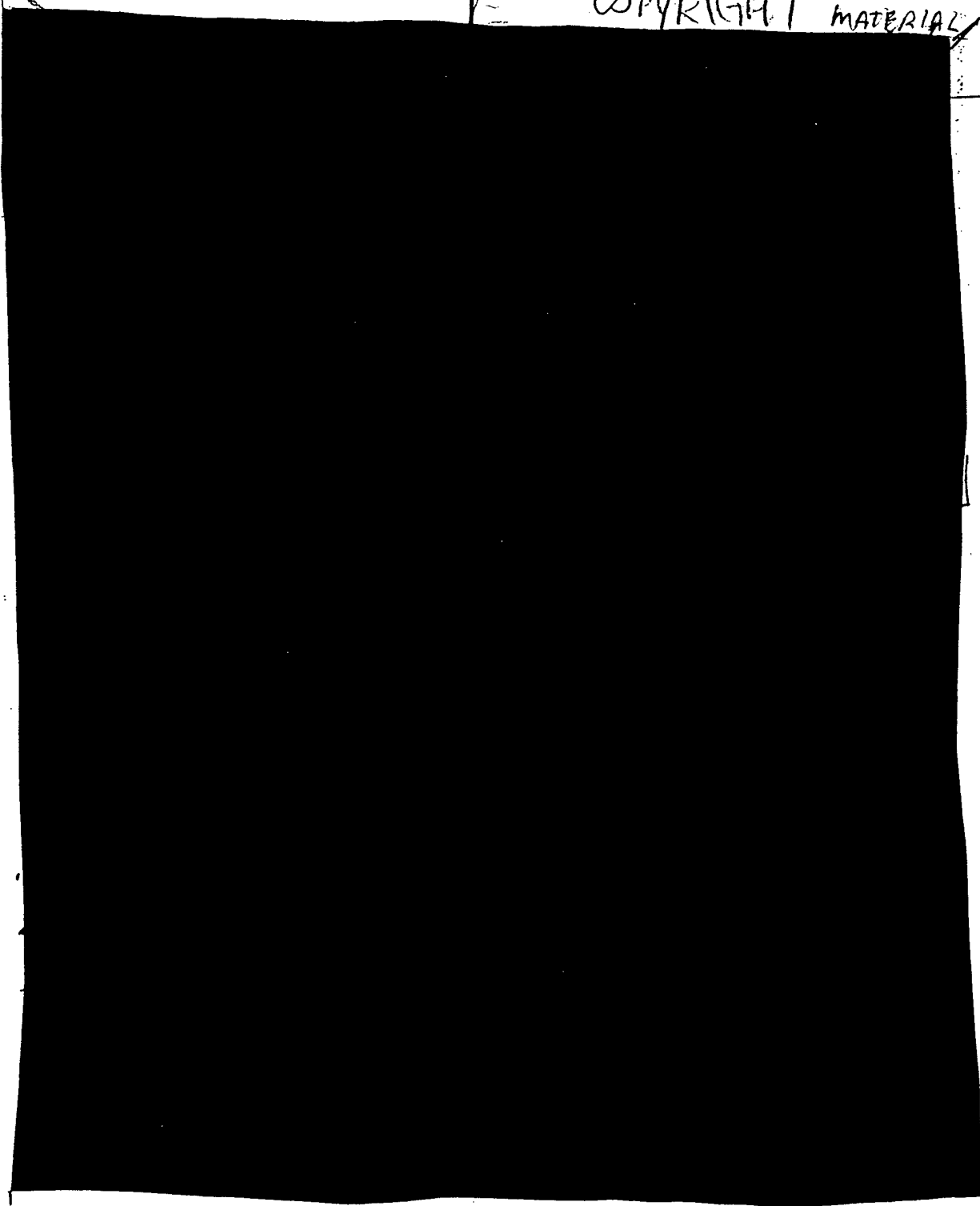


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**Lebanon: The Attempted  
Assassination of  
Amine Gemayel**

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On 12 February 1988 an attempt was made to kill President Amine Gemayel of Lebanon. A bomb was discovered on President Gemayel's plane as it was about to depart Beirut International Airport for Cyprus to pick up Gemayel for an official trip to Sudan and North Yemen. b (3)

After its discovery, the Syrians confiscated the explosive device and held it for at least 15 hours.

Evidence pointing to the assassin is limited, but, as is usual in Lebanon, there is no shortage of possible candidates. b (3)

**The Assassination Attempt**

There is still confusion concerning when and where the bomb was installed.

**No Shortage of Suspects**

We have no reliable evidence implicating a particular group or individual in the attempt. The three groups with the greatest interest in killing Gemayel are the Lebanese Forces, the Syrians, and Hizballah. A fourth possibility is that Gemayel himself may have arranged the entire scenario. b (3)

The Lebanese Forces, under the command of Samir Ja Ja, is a hardline Christian organization that wants to preserve Christian political preeminence. The Lebanese Forces has only limited access to Beirut International Airport, but was implicated in the assassination of Lebanese Prime Minister Rashid Karami last summer. Although Gemayel is a former member of the Lebanese Forces, he is viewed by its leadership as too willing to compromise with Syria on solutions to Lebanon's turmoil, which could be detrimental to Christian interests. The death of Gemayel would cut short any deal that the President may be negotiating with the Syrians to limit Christian representation and participation in Lebanon's governmental structure. b (3)

Gemayel's death also would leave Lebanon with no formal head of state and even less of a functioning government. It would make it easier for the Lebanese Forces to consolidate its control of the Christian enclave north of Beirut. An assassination might advance the date of the 1988 presidential election.

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leaving the Lebanese Forces one of only a few groups sufficiently organized and with a candidate ready to run for office—Samir Ja Ja.

[REDACTED] Nor would it be difficult for them to place a bomb on Gemayel's jet. They have direct access to Beirut International Airport and are unofficially responsible for its security.

[REDACTED] Syria is the most organized of the many interested parties in Lebanon and has one or more potential candidates in mind. Gemayel's early departure from the scene might have provided Damascus with an excuse to move against the Lebanese Forces to eliminate them as a source of interference in the Lebanese election process. Unlike the Lebanese Forces, however, Gemayel may yield to many of Syria's demands.

Hizballah is another organization that would welcome Gemayel's death. It has access to Beirut International Airport, which is close to Hizballah's stronghold in Beirut's southern suburbs. In line with its desire to create an Islamic fundamentalist state in Lebanon, the death of Gemayel and the subsequent instability could work to Hizballah's advantage. Public acknowledgement of Hizballah's involvement in a successful assassination would increase its prestige as a formidable terrorist military organization. These reasons could apply to other factions in Lebanon which would not hesitate to kill Gemayel, given the opportunity.

[REDACTED] Because Gemayel cannot constitutionally run for a second term and is not supporting a candidate of his own, an increase in popularity would serve him in two ways:

- It would provide him with greater standing as he prepares to leave office and seeks to assume a leadership position within the Christian community. The weakness of this argument is that the election is six months away, and any popularity won would be lost by election time.

- A second, and more important, reason is that an assassination attempt might take some pressure off him as he negotiates with the Syrians for a solution to Lebanon's governmental crisis.

#### A Postassassination Scenario

If Gemayel had died, power would have passed provisionally to the Lebanese Cabinet. The two applicable constitutional provisions are Articles 62 and 74. Article 62 states that executive authority would pass to the Council of Ministers, which includes the full Cabinet, led by acting Prime Minister Salim al-Huss. (The Council of Ministers and the Cabinet consist of the same membership, except that the Cabinet is chaired by the President.)

The Cabinet has not met in over two years as a result of a Syrian-inspired Muslim boycott, prompted by the collapse of the Tripartite Accord in December 1985. In addition to the death or resignation of three ministers, it has been serving in a caretaker capacity since the resignation and later assassination of Prime Minister Rashid Karami.

With Gemayel dead, the Syrians and Muslims would have no reason to block Cabinet meetings. The Council of Ministers could temporarily exercise

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executive authority as provided under Article 62. The Christian Ministers might boycott the Council and Cabinet meetings following Gemayel's death and possibly cause the Council meeting to fail for lack of a quorum. [REDACTED] b (3)

Article 74 of the Constitution pertains to the filling of presidential vacancies. It provides that the National Assembly shall meet "immediately and with full powers" to elect a new president. [REDACTED] b (3)

It is unlikely, however, that the situation in Lebanon following Gemayel's assassination would allow for an immediate election. The Lebanese Forces, for example, has the power to intimidate enough Assembly members to prevent a quorum of the Assembly from meeting. The Syrians could press Acting Speaker Husayni and also delay the election until the Syrians were convinced that the Council of Ministers would not act contrary to Syrian interests. In any of these cases, a constitutional vacuum would develop, and the remaining functions of the Lebanese Government and prospects of holding an election would vanish. [REDACTED] b (3)

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### Lebanese Forces: Preparing the Military Base for an Election Showdown

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The outcome of the Lebanese presidential election may depend on the actions and military strength of the Christian Lebanese Forces militia. The Lebanese Forces is one of the largest and best equipped militias that have developed in Lebanon's anarchic state. It is controlled by veteran leader Samir Ja Ja, who took over the organization in January 1986. The Israeli-trained Ja Ja is ambitious, ruthless, highly charismatic, and an excellent military tactician. Ja Ja has demonstrated a willingness to use violence against both Christian and Muslim opponents and is building up the armed strength of the Lebanese Forces to achieve his own goals and the goals of the extremist wing of the Christian community. b (3)

The Lebanese Forces maintains a strength of approximately 6,000 men with the possibility of expanding to 12,000 in a general mobilization. It has several special units for carrying out clandestine operations. It stresses Christian superiority against growing Shia Muslim strength and strives to create a disciplined fighting force that will not only successfully defend the Christian enclave north of Beirut but also rid Lebanon of all foreign forces, including Palestinians, Syrians, and eventually Israelis. b (3)

#### Election Options

The Lebanese Forces' key goal is to prevent an extremely pro-Syrian candidate from assuming the presidency. It will probably do whatever it considers necessary to avoid losing to the Syrians. Options open to the Lebanese Forces include:

- Embarking upon a major public relations campaign to increase both international and domestic support for the Lebanese Forces' opposition to a Syrian puppet government.
- Sponsoring a pro-Lebanese Forces candidate, possibly including Commander Ja Ja.
- Continuing covert contacts with the Syrians in order to reach agreement on a compromise candidate.
- Accepting a more pro-Syrian candidate in the wake of increased pressure from both Christians and Syrians.

- Influencing the balloting of members of the parliament serving as presidential electors through threats or more violent means.
- Resorting to military pressure or terrorist operations to derail the election process. b (3)

The Lebanese Forces holds an advantage in the electoral process. Some 34 of the 79 aging members of the parliament are Christians. Thirty of these are Maronites living in East Beirut, a major Lebanese Forces' stronghold. The Lebanese Forces need only prevent 26 of these deputies from attending the electoral session to cause the first ballot to fail for lack of a quorum, compromising the legitimacy of the entire election process. b (3)

Whatever option the Lebanese Forces selects, the strength of the military arm of the Lebanese Forces will be a key factor. Ja Ja and his key advisers probably have deferred choosing an option until this summer's parliamentary balloting draws nearer. The Lebanese Forces' assessment of its military strength, especially vis-a-vis Syria, is a critical factor in its decisionmaking. b (3)

#### The Military Arm

*Organization of the Lebanese Forces.* The organizational structure of the Lebanese Forces closely resembles that of a regular army and represents one of the militia's key strengths. It is headed by a Command Council. The commander of the Council implements political and military decisions made by a coalition of Lebanese Christian parties. b (1) b (3)  
The Command Council often has been bypassed through the unilateral action of Commander Ja Ja. b (3)

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[REDACTED]

Although personnel comprising the militia are volunteers, a semiformal system of conscription was established in July 1982. The preconscription training program instituted in Christian secondary schools consists of a two-year program, which requires training on weekends and in the summer for all students in the last two years of high school. After graduation, the conscripts undergo three months of basic training, two months of specialized training, and 10 months of active military service. (3)

The Lebanese Forces' main training center is located in an area known as Bzummar.

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[REDACTED]

The instruction draws heavily from US techniques and training methods. Overall training calls for a 44-week program broken down into three phases and is aimed at instilling discipline into the Lebanese Forces as well as a knowledge of advanced military skills. Those who complete the course are commissioned as second lieutenants.

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1,500 militiamen have been trained in conventional squad and platoon tactics.

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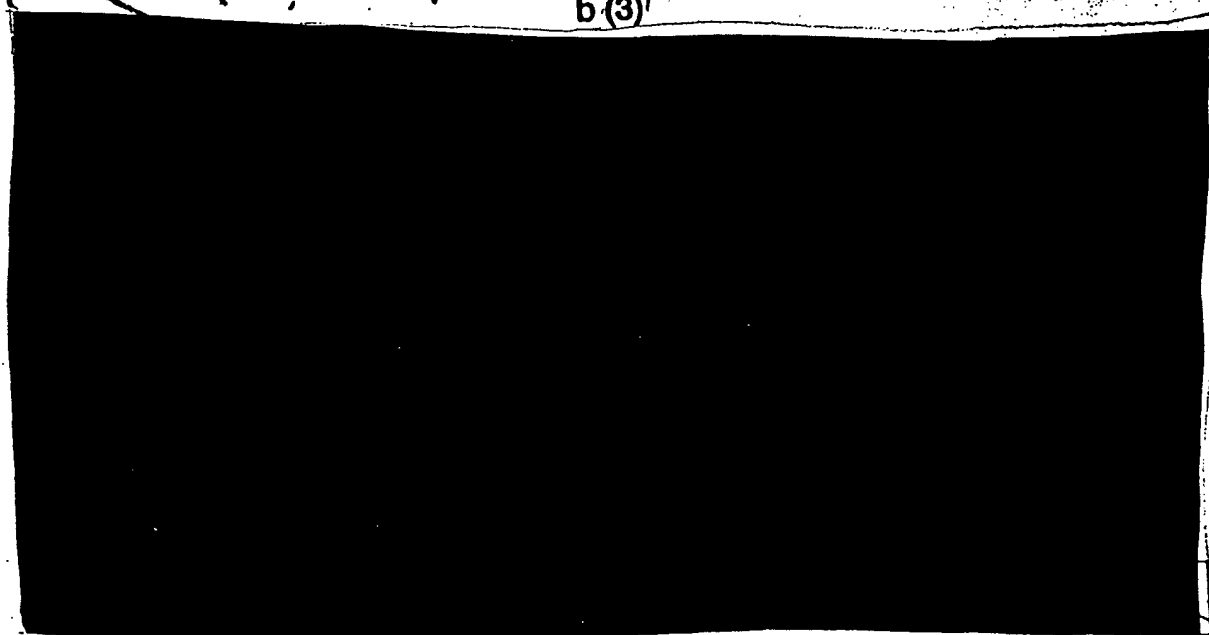
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*Special and Elite Units.* Several special or elite units serve in the Lebanese Forces for use against targets outside the Christian enclave or to support covert political operations. For example, several years ago the Lebanese Forces created a paratrooper unit called the 101st Parachute Company. It is described as consisting mostly of battle-seasoned veterans from other Lebanese Forces units. Its purpose is to work behind enemy lines as a commando unit. Its duties include long-range reconnaissance patrolling, raiding enemy garrisons, destroying vital bridges and other communications assets, and otherwise disrupting enemy operations. We believe this unit has been involved in hit-and-run attacks on Syrian forces, which subsequently were publicized by the Lebanese Forces' Voice of Lebanon radio. Although trained to parachute into enemy rear areas, all infiltration

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behind opposing militias' lines has been carried out on foot [REDACTED]

Another unit, called the Sadem (Arabic for shock troop) Special Force, is a [REDACTED] unconventional warfare unit under the direct control of Ja Ja. The Lebanese Forces also hopes to create a 500-man special forces or ranger battalion to serve as a mobile reserve or special action unit. [REDACTED]

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A Lebanese Marine Force, together with the Lebanese Forces navy, operates as a small self-contained maritime fighting force trained primarily for small-scale infantry raids from the sea. It includes a small unit of commando divers who specialize in clandestine raids, beach reconnaissance, and underwater demolitions similar to US Navy SEAL operations. [REDACTED]

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The Lebanese Forces maintains a small navy that conducts coastal patrols and sets up occasional blockades on the Muslim-controlled coast south of

Beirut to intercept shipments of arms and ammunition. It also undertakes seaborne operations behind enemy lines. Tyre is home port for the Lebanese Forces navy. [REDACTED]

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*Relations With the Armed Forces.* For the past several years the Lebanese Forces have frequently cooperated with predominantly Christian Lebanese armed forces units. According to US Embassy sources, although minor clashes have occurred between the Lebanese Forces and the Lebanese armed forces, both have traditionally cooperated and supported each other. Improving this cooperation while infiltrating the armed forces' officer corps with Lebanese Forces sympathizers are key goals of Ja Ja. [REDACTED]

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The Lebanese armed forces' major role in East Beirut has been to occupy the frontline facing Muslim West Beirut. The Lebanese Forces backs up the Lebanese armed forces patrolling the line dividing the capital

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and maintaining security within the Christian community. The two predominantly Christian forces have managed to prevent incursions by hostile groups into Christian East Beirut and its northern suburbs for over 10 years.

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*Other Arms Suppliers.* The Lebanese Forces also receives arms from [redacted] international arms market. It acquired a significant quantity of major equipment after the disintegration of the Lebanese armed forces' Muslim units, especially the Sunni 4th Brigade in 1984. [redacted]

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[REDACTED]

Arms reach the Lebanese Forces through its ports in the Christian enclave. Juniyah is the most common point of entry for arms and munitions. Al Uqaybah/Nahr Ibrahim, north of Juniyah Bay, is [REDACTED] As Safra/Tabarja is another port where the [REDACTED] are alleged to have delivered military supplies to the Lebanese Forces. Aquamarina is a small, shallow port that was used to offload arms shipments earlier in the civil war, but it is little used today. Arms shipments have also been offloaded at Beirut's Fifth Basin and Ad Dubayyah.

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[REDACTED] b (3)

#### Outlook

As one of the largest and best organized of Lebanon militias, the Lebanese Forces will continue to successfully defend the Christian enclave against Muslim militias. Although not strong enough to defend against an all-out invasion by Syria, it could take a high toll of any invading force. [REDACTED] (3)

As the Presidential balloting approaches, we expect the Lebanese Forces to step up its military buildup. It will also seek to develop more contacts with other anti-Syrian forces and continue harassing Syrian units with small-scale attacks. Should Ja Ja decide to try to become president, the Lebanese Forces may be confronted with the greatest military challenge in its history. [REDACTED] b (3)

[REDACTED] b (1) b (3)

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Lebanon's Population  
Estimates: A Numbers  
Game [REDACTED] (3)

Population is a highly charged political issue in Lebanon. Under Lebanon's 1943 National Charter, political power is distributed on the basis of religious sect. Lebanon's only official census, conducted in 1932, established the Maronite Christians as the country's largest sect, which gives them sole claim to the presidency under the National Charter. Population estimates that challenge the notion of a Maronite majority throw into confusion the entire structure of Lebanese politics. Christians and Muslims alike use estimates of the size of their sects, or confessional groups, to justify their claims to political power. [REDACTED] b (3)

**Estimating Lebanon's Population**

Population estimates for Lebanon vary widely, and all are subject to a high degree of interpretation. Lebanese demographic data are fragmentary, and there are no recent official statistics. Lebanon conducted its last official census in 1932 and its most recent followup survey in 1971. Population estimates for recent years require that demographers make several assumptions regarding each confessional group's rates of natural increase (births minus deaths) and migration and war-related casualties. [REDACTED] b (3)

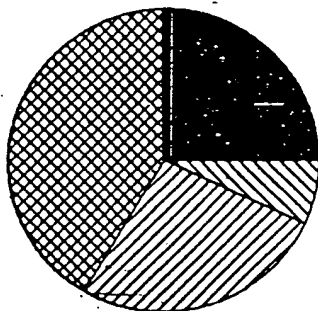
Population figures are politically sensitive and potentially explosive in Lebanon, which further explains the wide range of estimates. The Christians, in their quest to legitimize political power, still recognize the 1932 census that showed a 52-percent Christian majority by including Lebanese living overseas, who are all assumed to be Christian. Over the last half century, Lebanon's Muslims clearly have achieved a substantial majority in Lebanon, with the Shias emerging as the largest sect. In the absence of a new census or an agreement on who to include in a census, Lebanon's political reform process became deadlocked, and the country had no constitutional provision for peacefully redistributing political power. [REDACTED] b (3)

**Population Profile of Beirut**

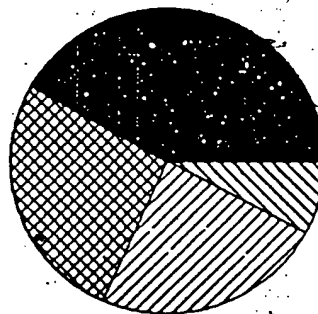
A survey conducted during 1983-84 [REDACTED] b (1) b (3) using a sample of permanent residents of Beirut municipality, showed that the city's population is young—43 percent is under 20—and families are large—the average size is five. The average economically active person supports 3.8 persons. Marriage is common, with 10 percent or less of the population remaining single at 40. Illiteracy is low. Only 6.2 percent of males 10 years and older and 11.1 percent of females were illiterate. [REDACTED] b (3)

Changes in the population profile since 1970 have been profound. Not surprising is the fact that Beirut's population was found to be much younger in a 1970 survey—47.8 percent were less than 20. There appears to be a decline in fertility and probably extensive emigration by families with young children over the last decade. In addition, emigration and war-related deaths have skewed the sex ratio, revealing the decreasing share of males in Beirut's population. Most dramatic is the sex ratio of 76.1 males per 100 females for the age group 35 to 39, the group most affected by the civil war. Educational achievements are much improved since 1970, although we suspect the quality of education has declined sharply. Completion of secondary education or above increased from 36.5 to 50.8 percent for males and 22 to 52 percent for females. The share of population engaged in administrative occupations as employees and clerks more than doubled, which offsets the 50-percent decrease of skilled laborers. [REDACTED] b (3)

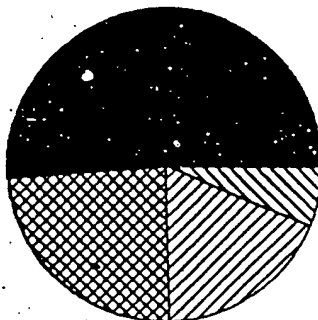
# LEBANON: ESTIMATES OF CONFESSIONAL GROUP DISTRIBUTION



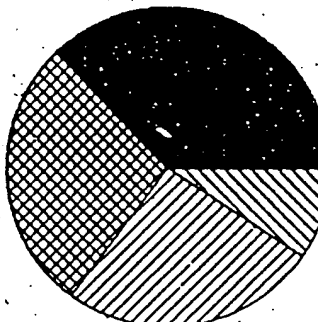
CIA (1984)



Israeli DMI (1985)



Phalange Party (1983)



Al Shiraa (1982)

Christian

Shia

Sunni

Druze

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## Alternative Views

We looked at several estimates of Lebanon's confessional distribution. Differing conclusions can be drawn from each estimate. None of the estimates include the Palestinian population in Lebanon, which is predominantly Sunni and is estimated at about 400,000.

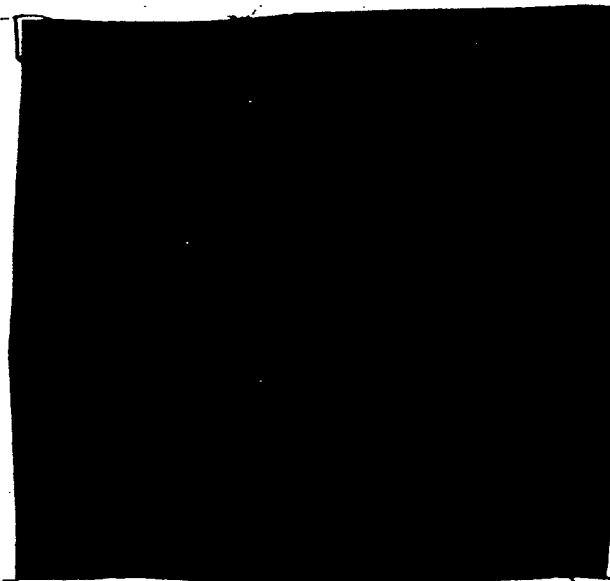
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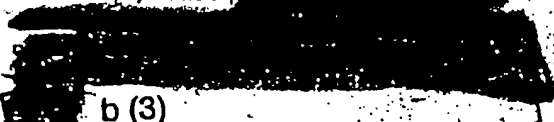
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*Al-Shiraa* is the Syrian-financed Lebanese weekly newspaper that broke the US arms sales to Iran story in 1986. The paper published its own demographic profile—on the basis of unspecified 1982 data—in late 1985 that shows a total population estimate of about 2 million.

Interestingly, the *Al-Shiraa* study showed a relatively small total Shia population— and a fairly large Maronite population—



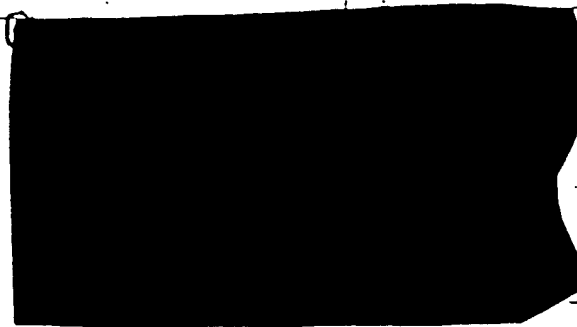
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#### Conclusions

The estimates display the deep divisions that prohibit genuine political reform in Lebanon today. Aside from the obviously distorted Phalange estimate, differing but equally valid conclusions can be drawn from each study. The most significant demographic trend revealed in the studies, however, is the expanding Muslim majority and the gradual erosion of the Christian community.

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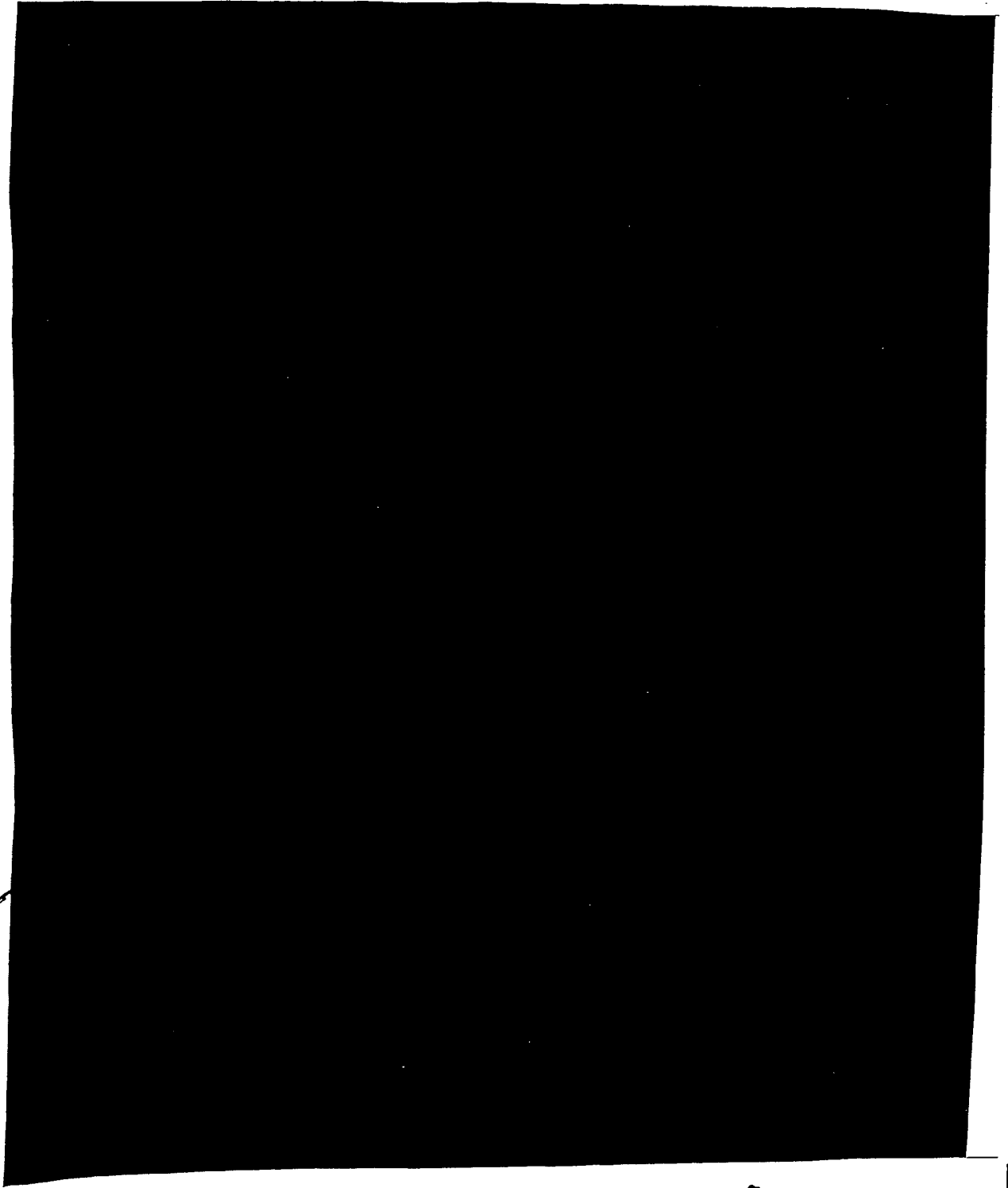
**Two Lebanese Estimates.** The hardline Christian Phalange Party's 1983 estimate of Lebanon's population mirrors the 1932 official census. The Phalange estimate, which obviously includes overseas Lebanese, shows a slight Christian majority. Not surprisingly, the party's estimate of the size of the Christian community is the largest of all the studies—almost 1.5 million. No detail is provided on the composition of the Christian community, which includes Maronites, Greek Catholics and Orthodox, and Armenians. According to the Phalange, the Shias comprise only 24 percent of the total.

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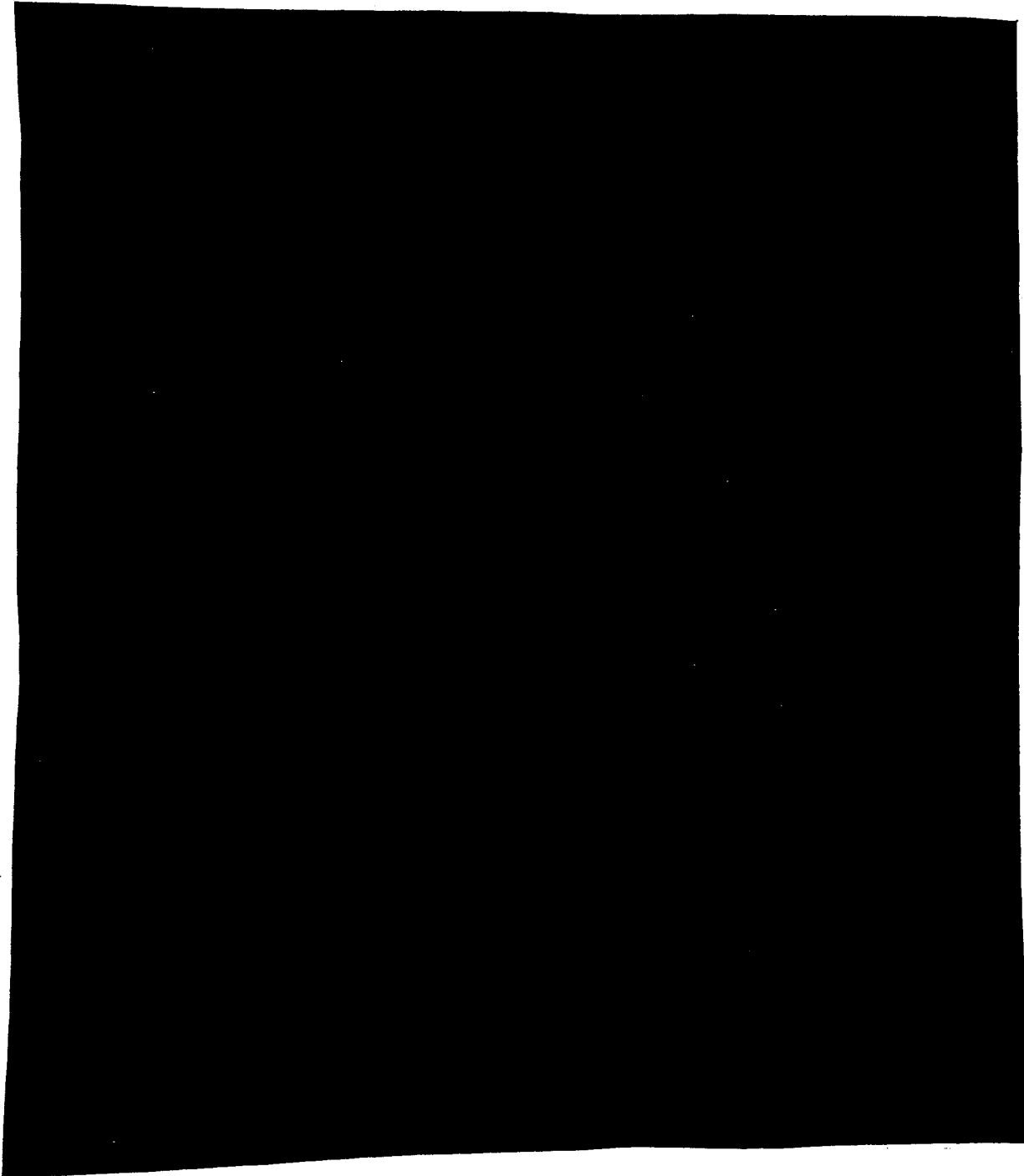
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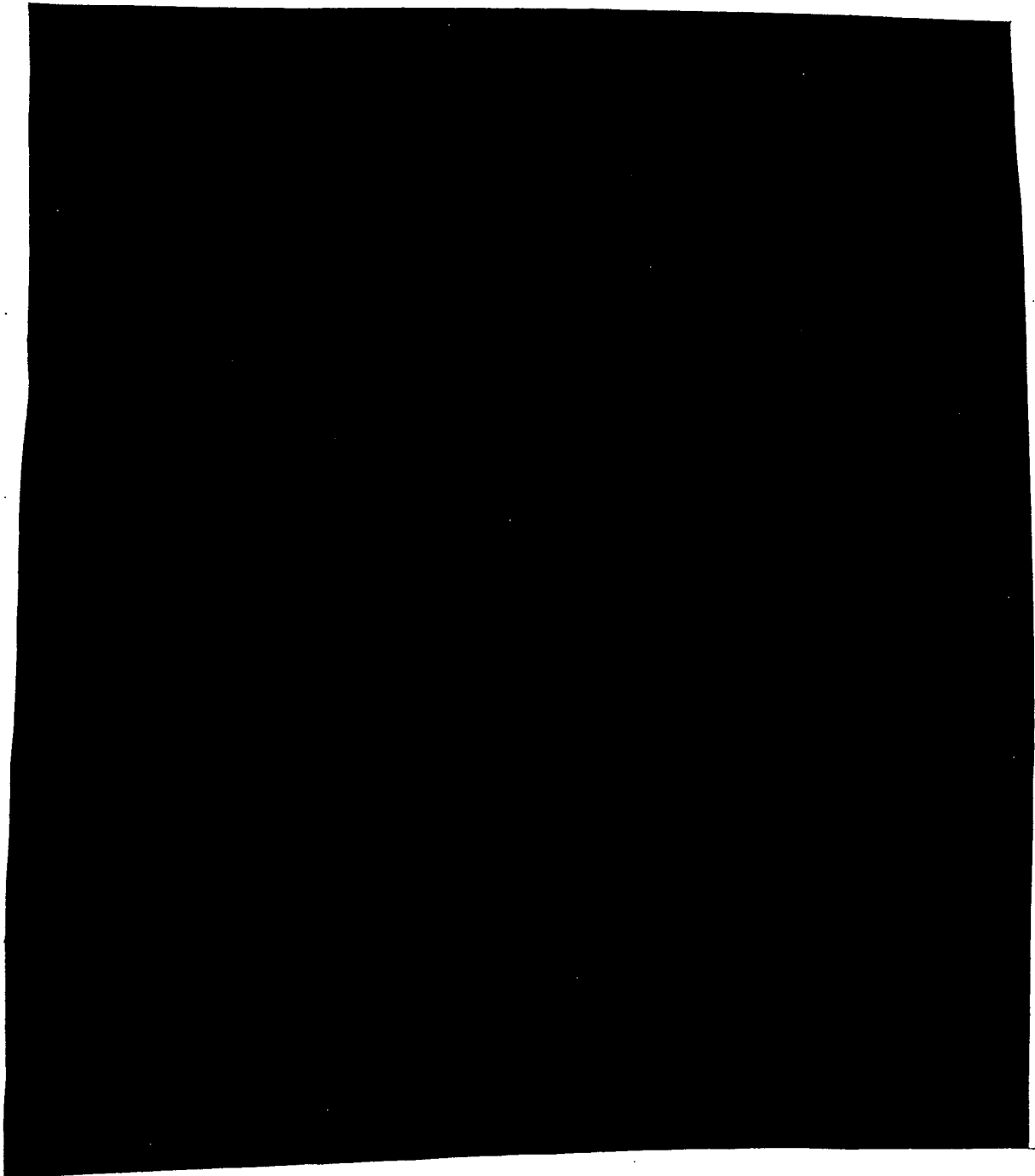
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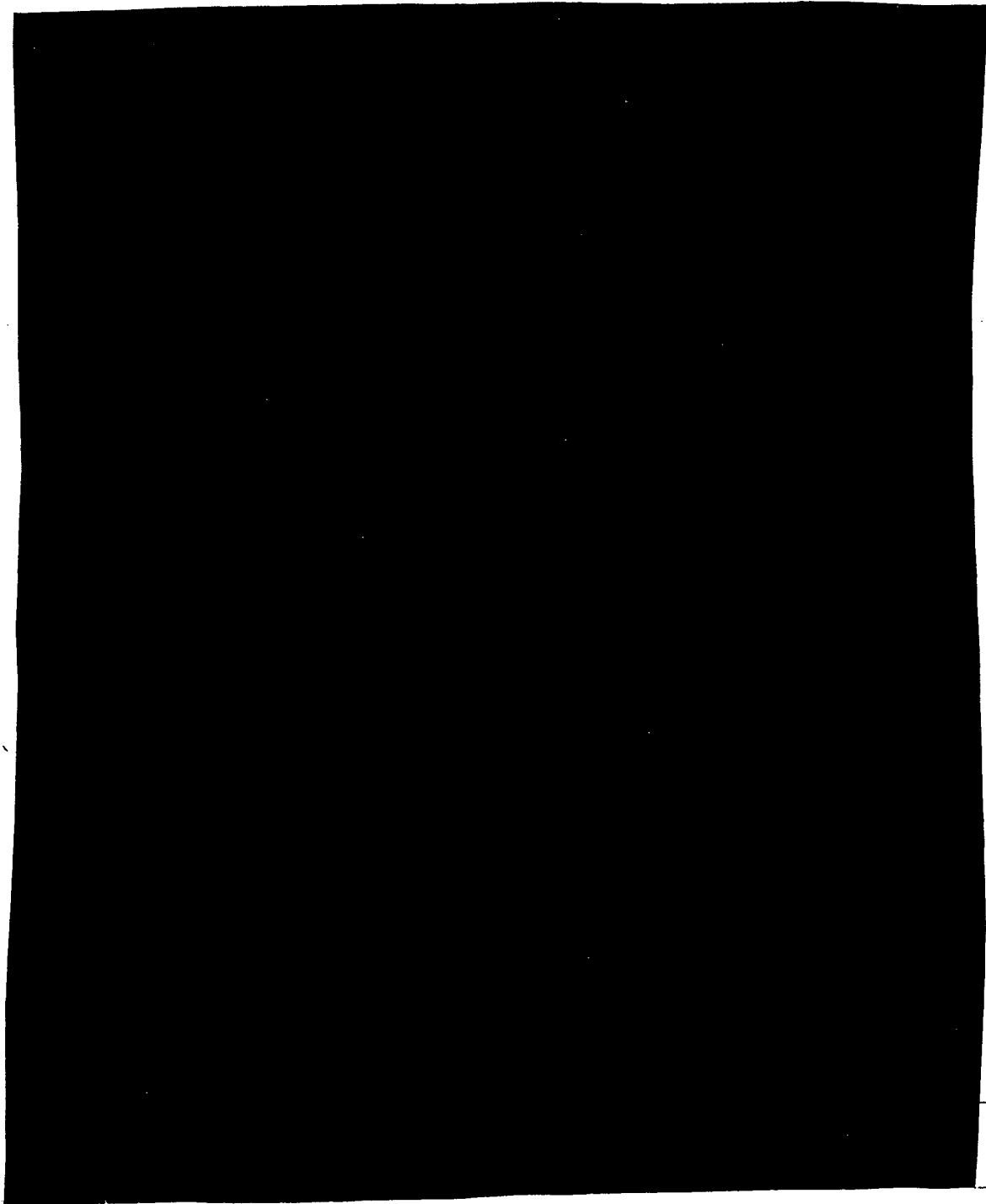
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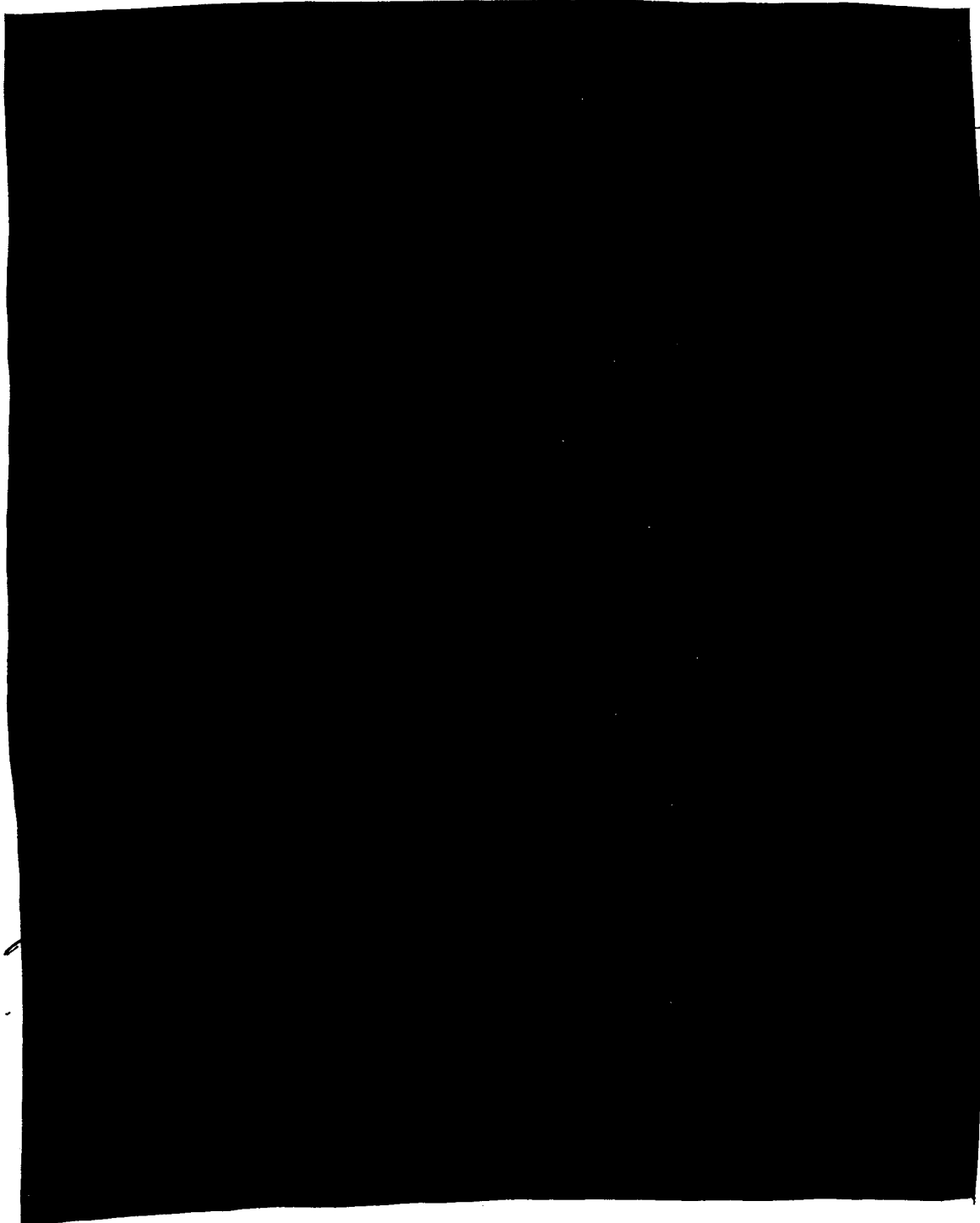


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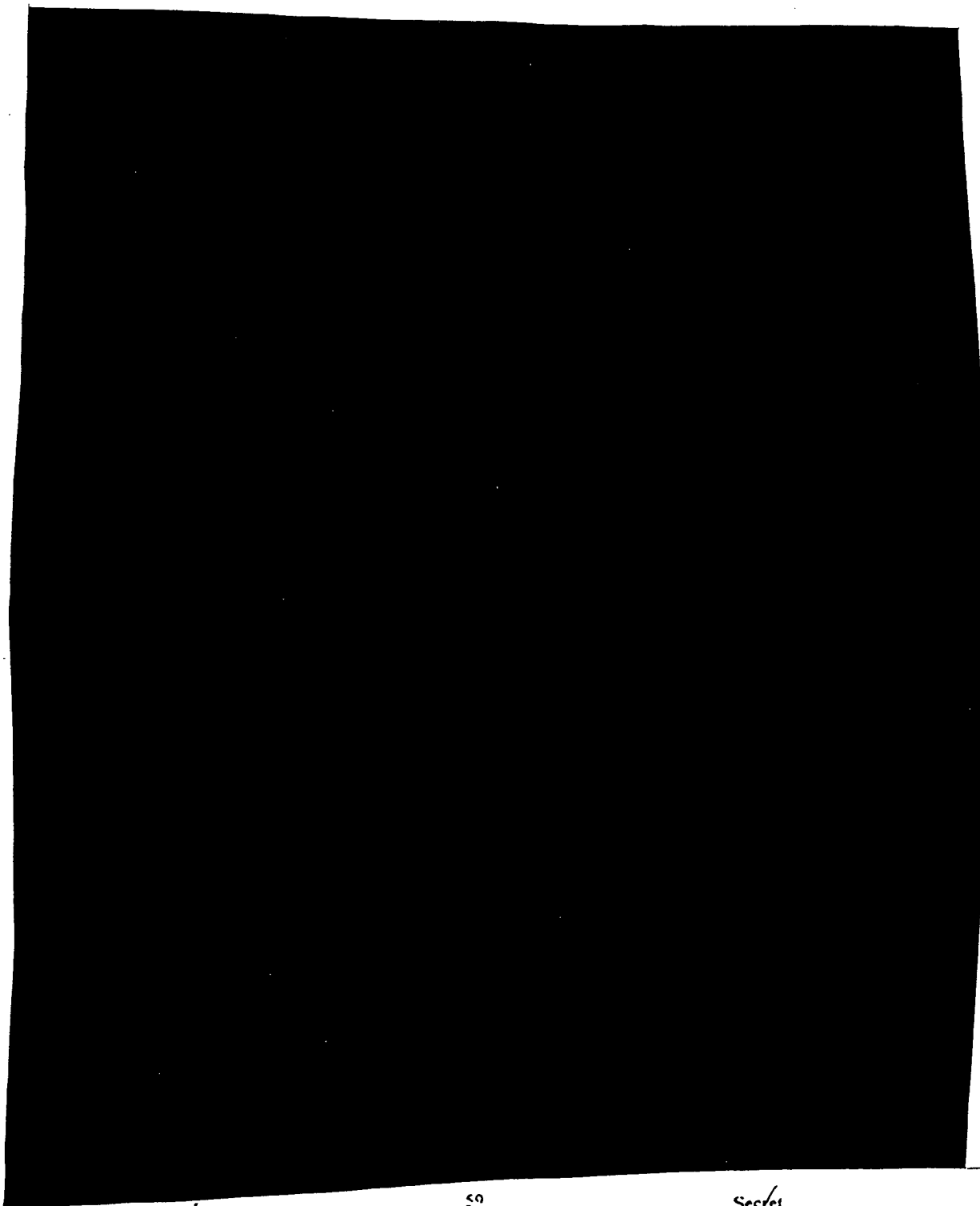


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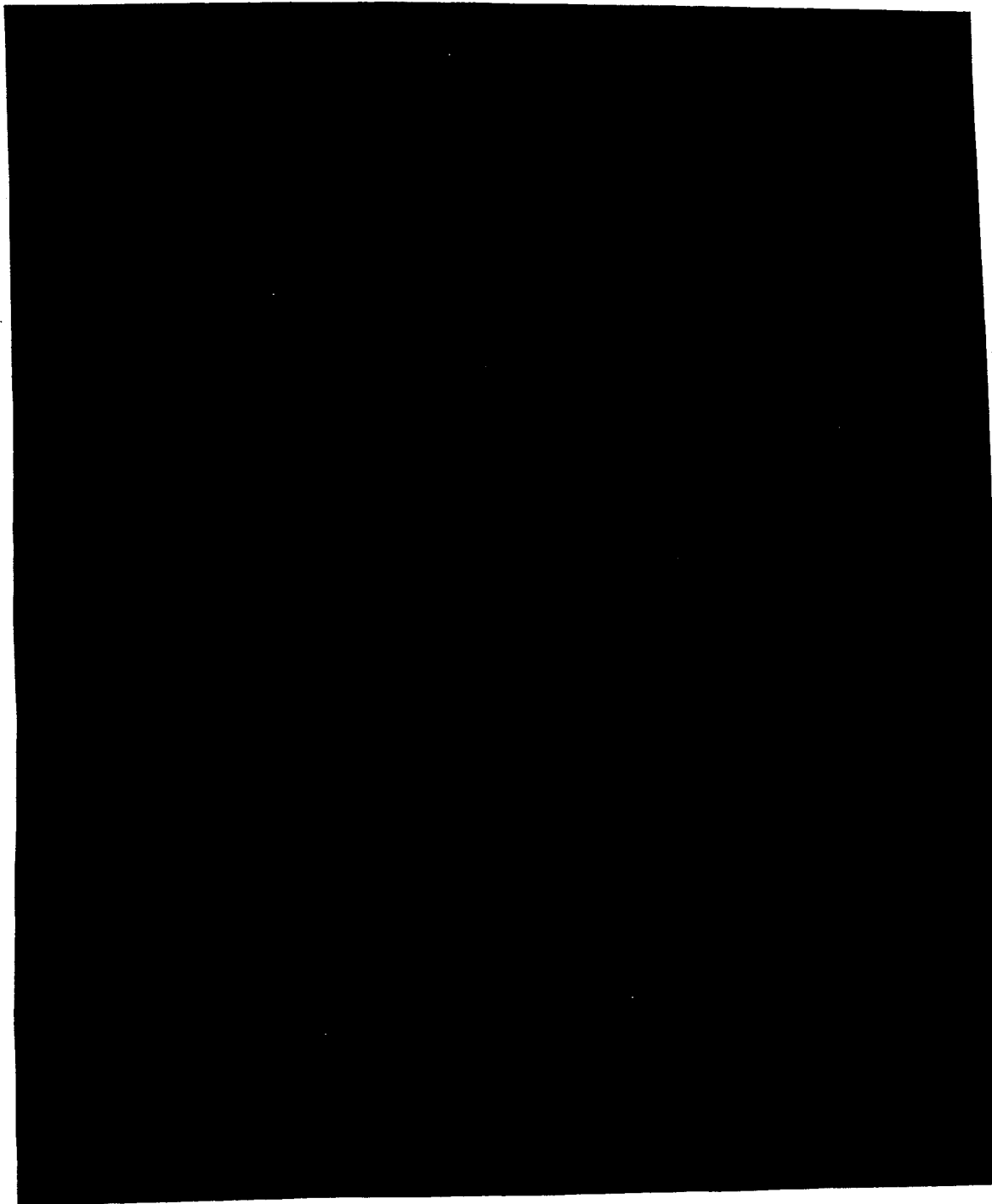
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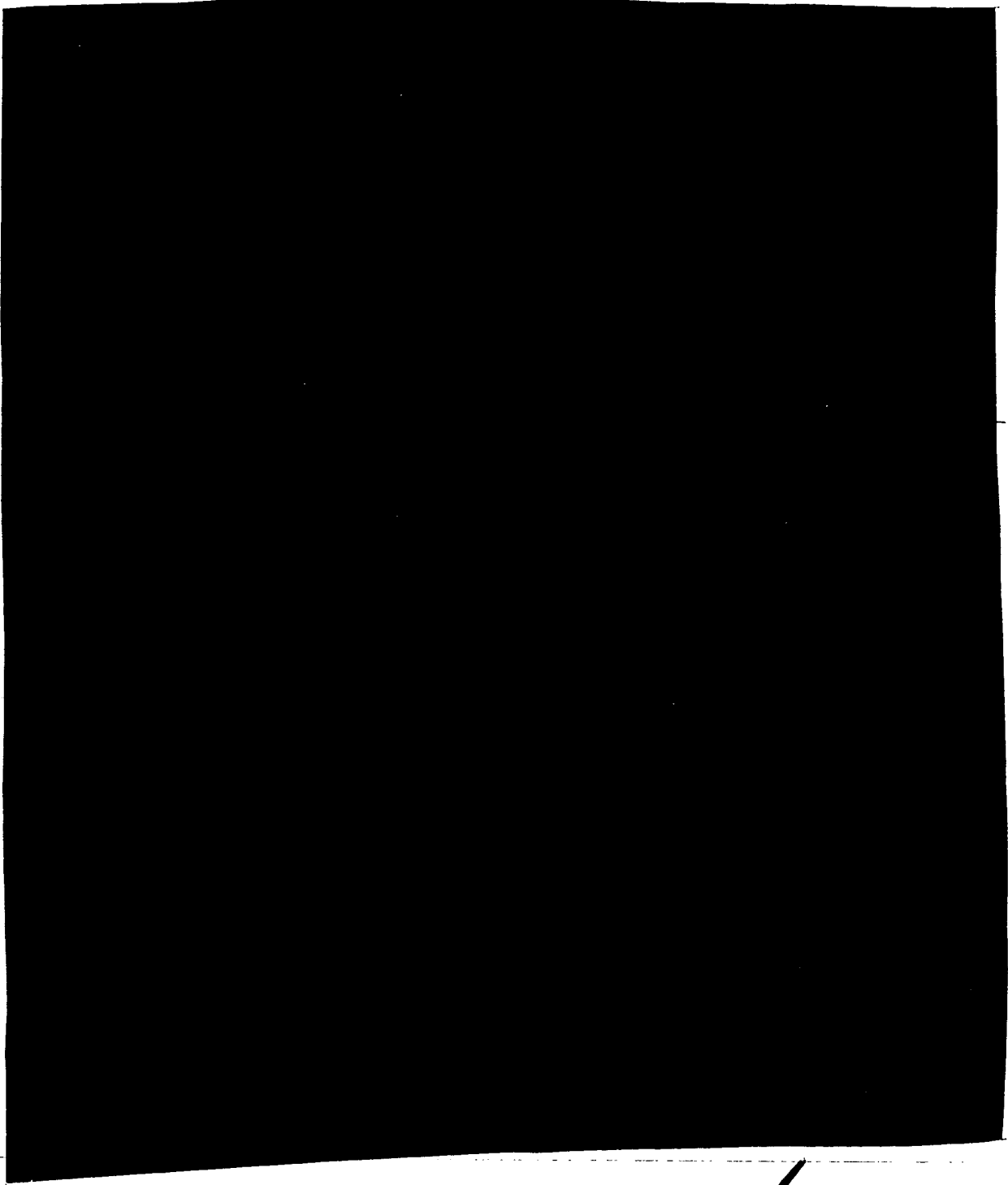
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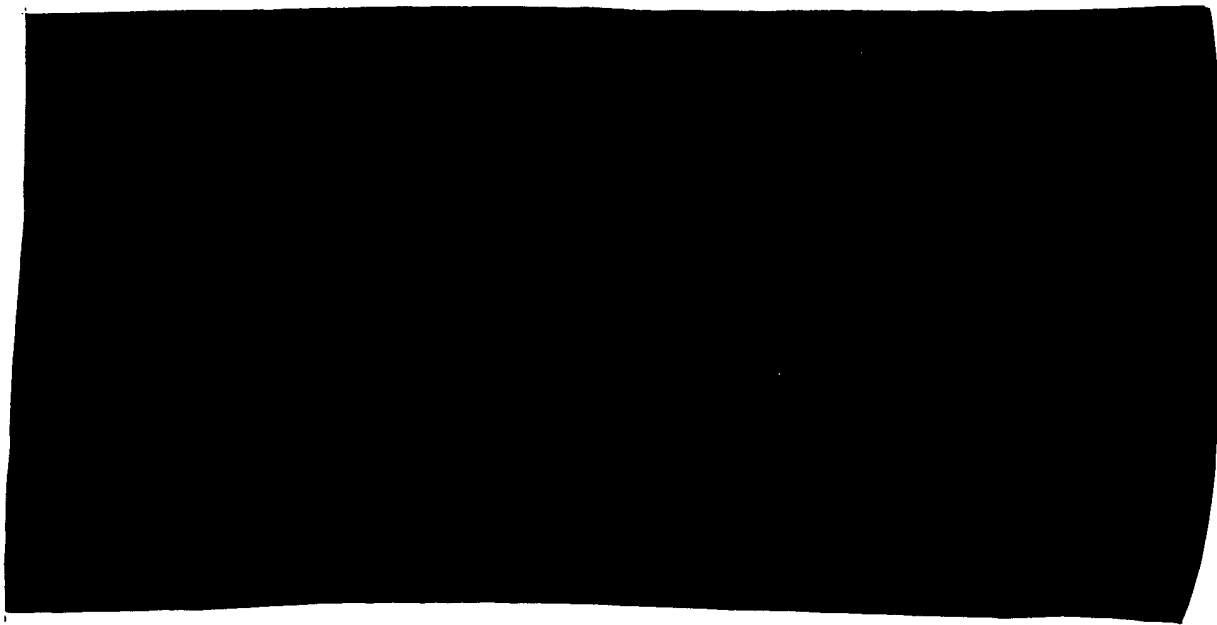


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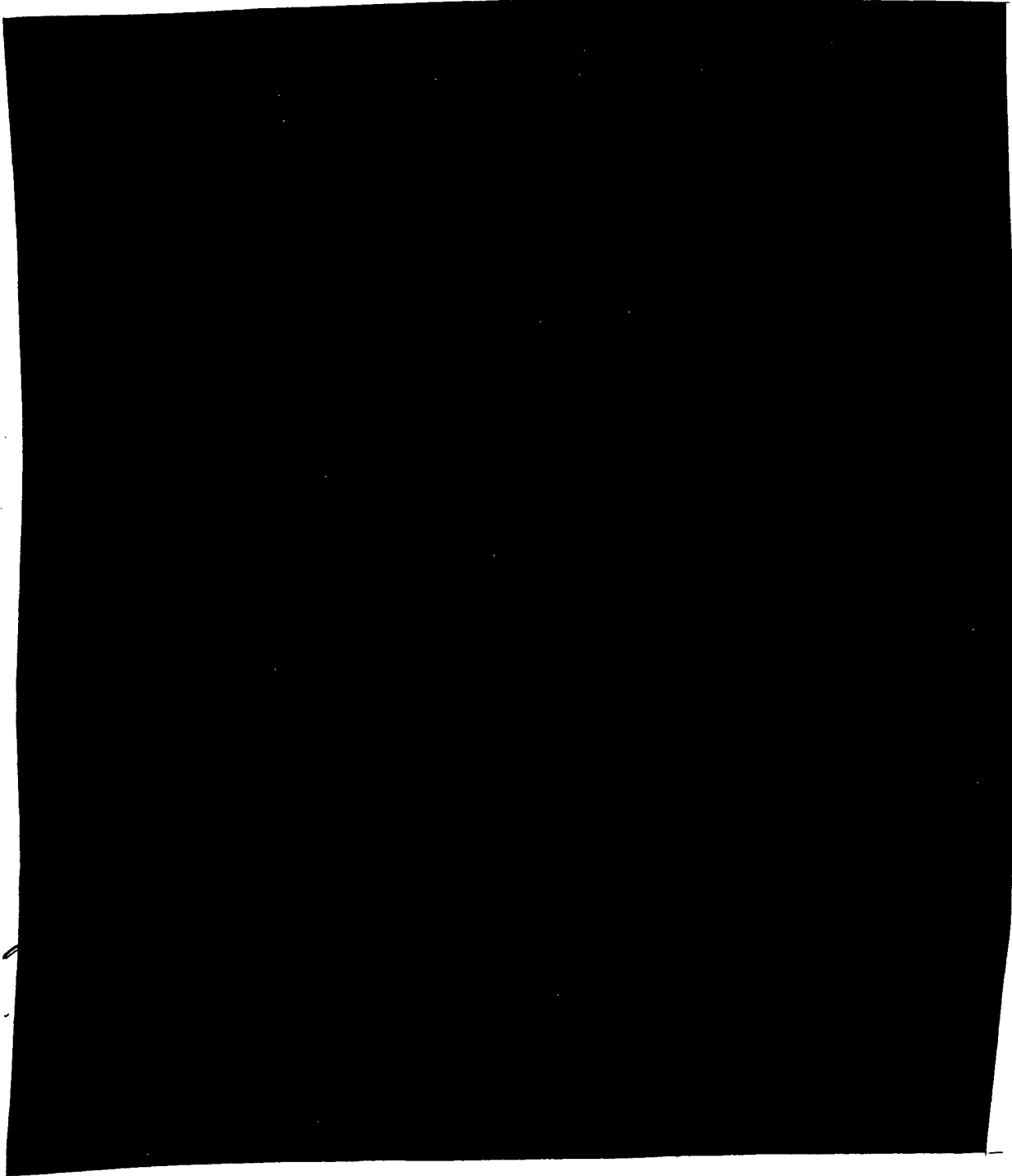


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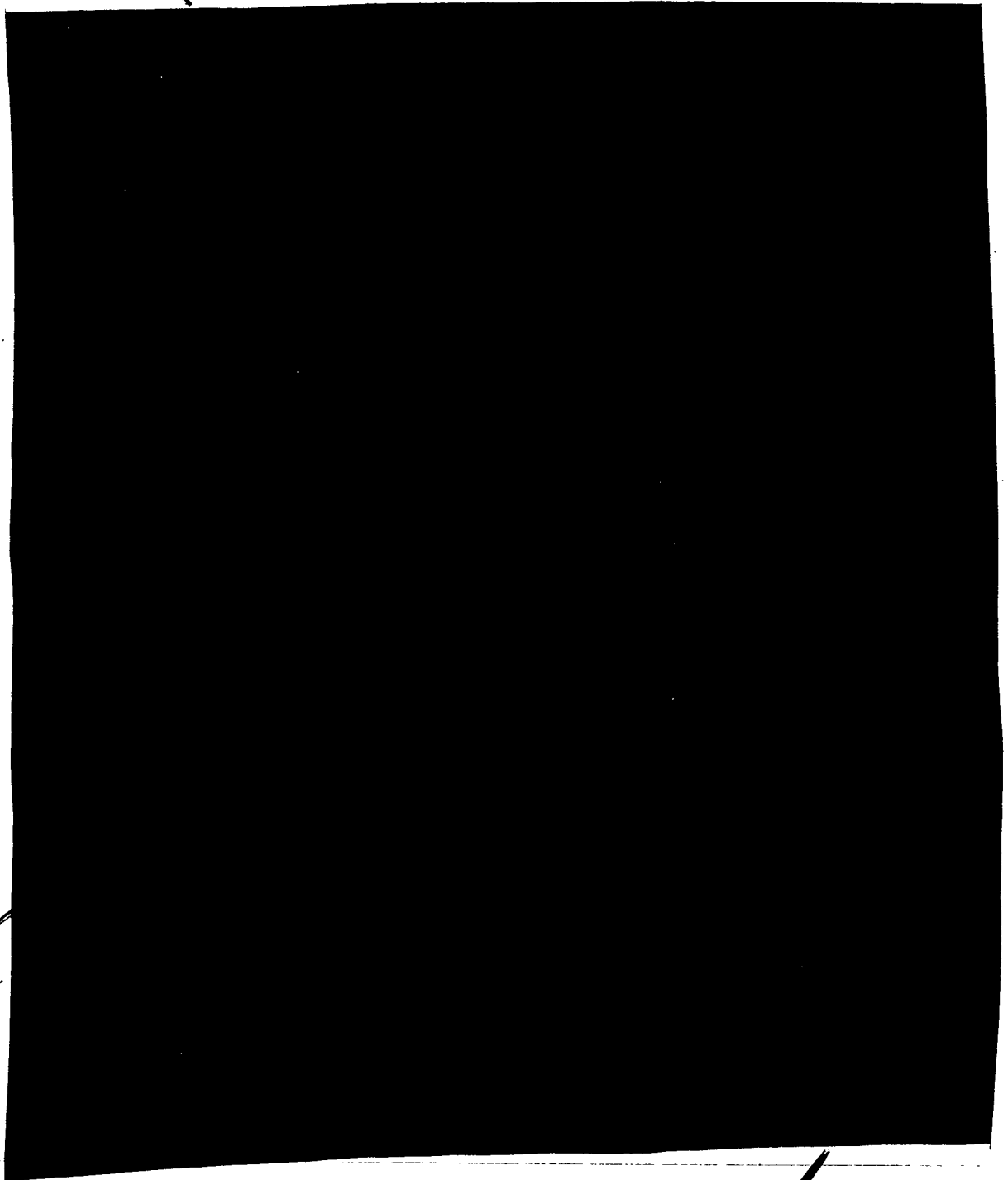
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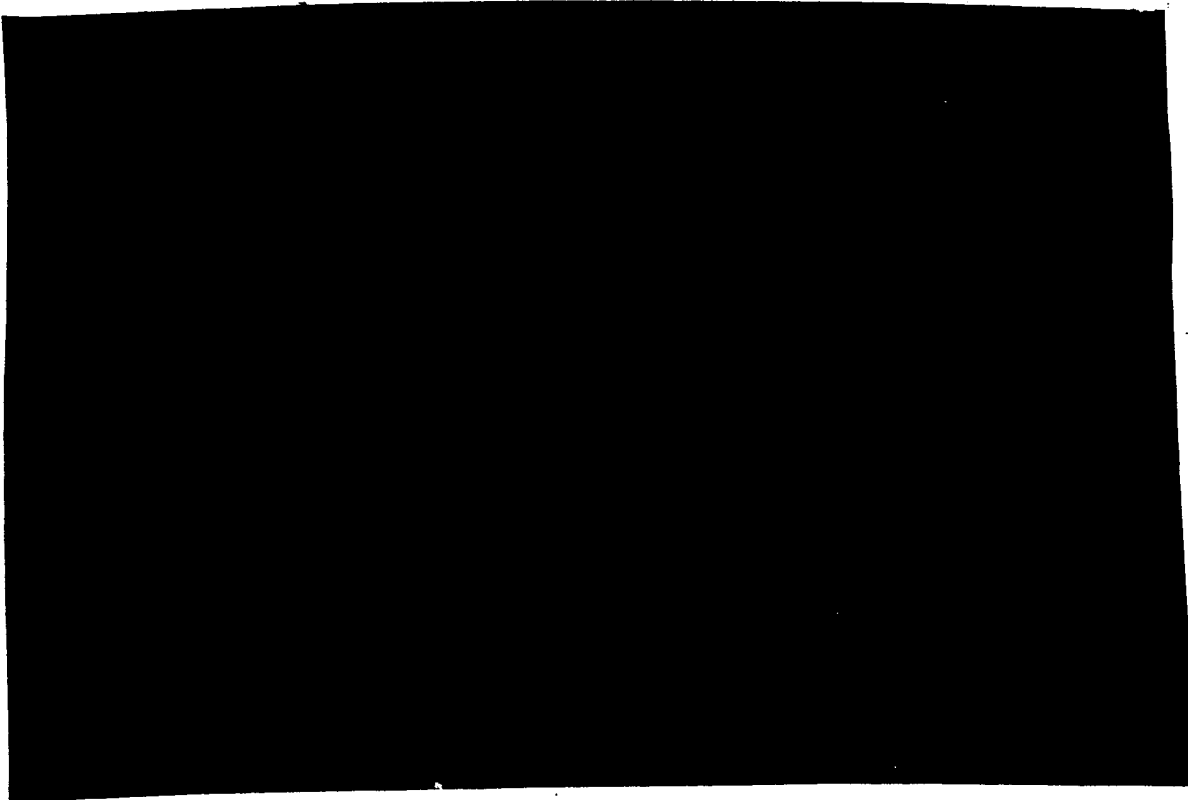
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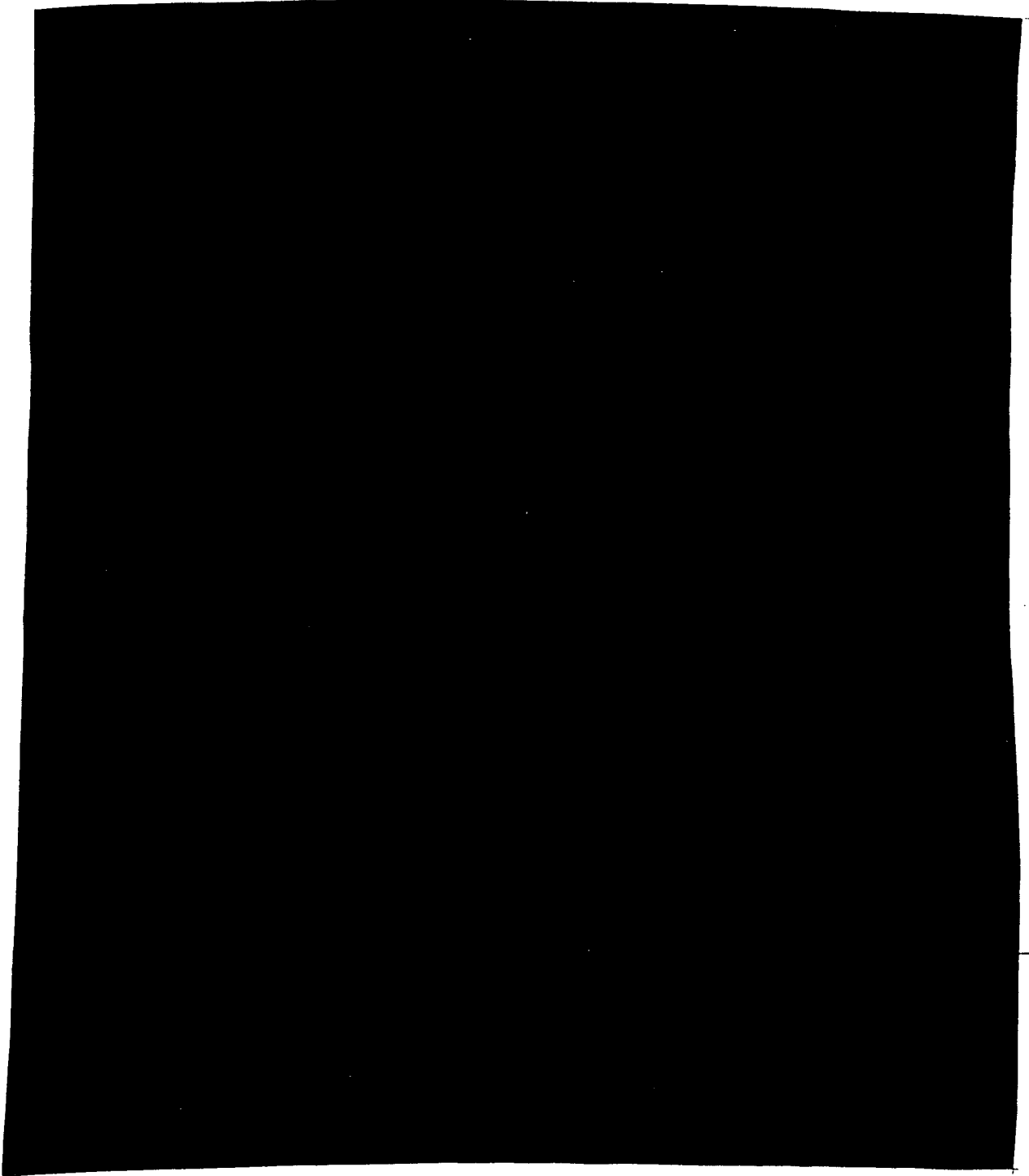


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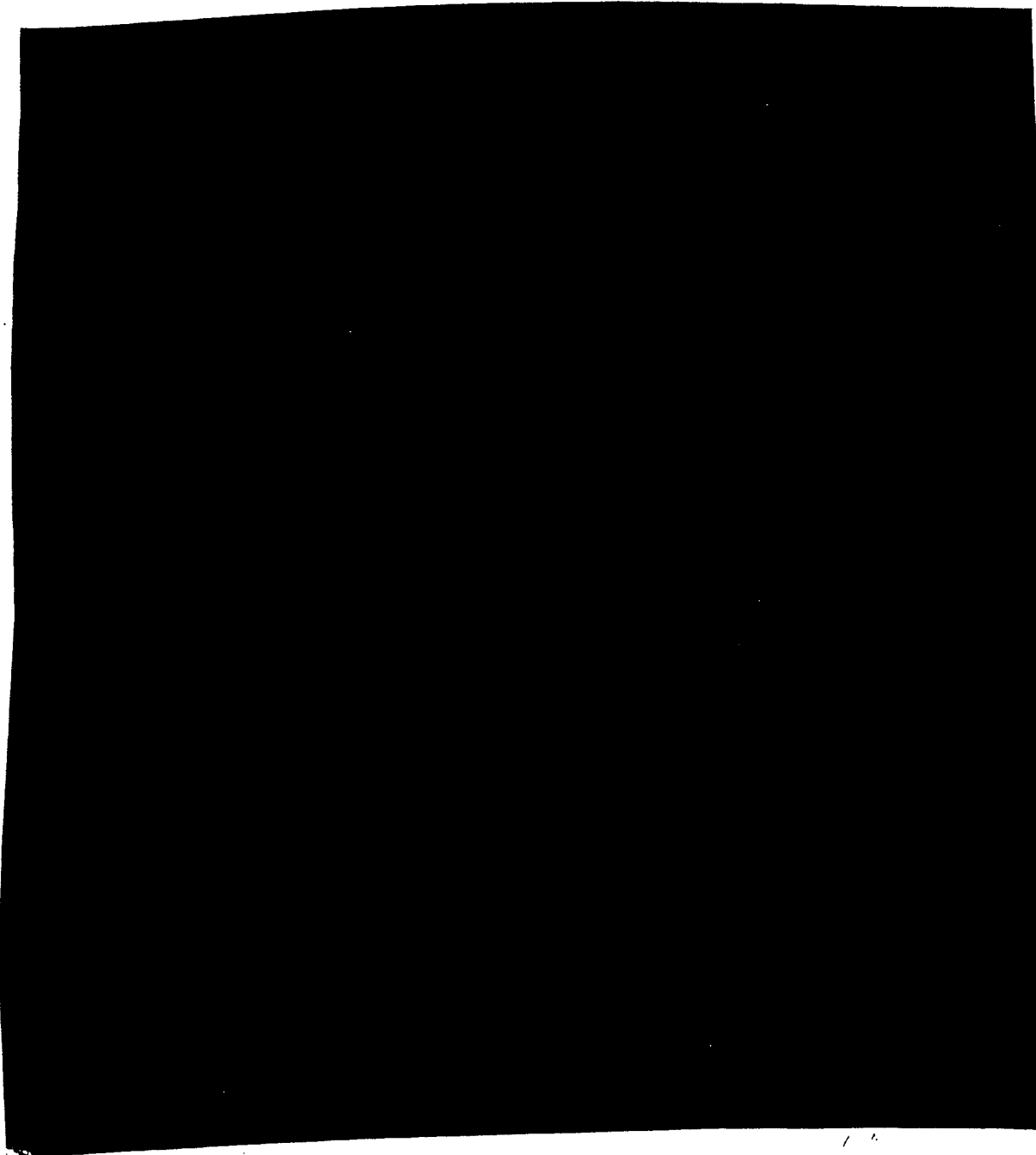


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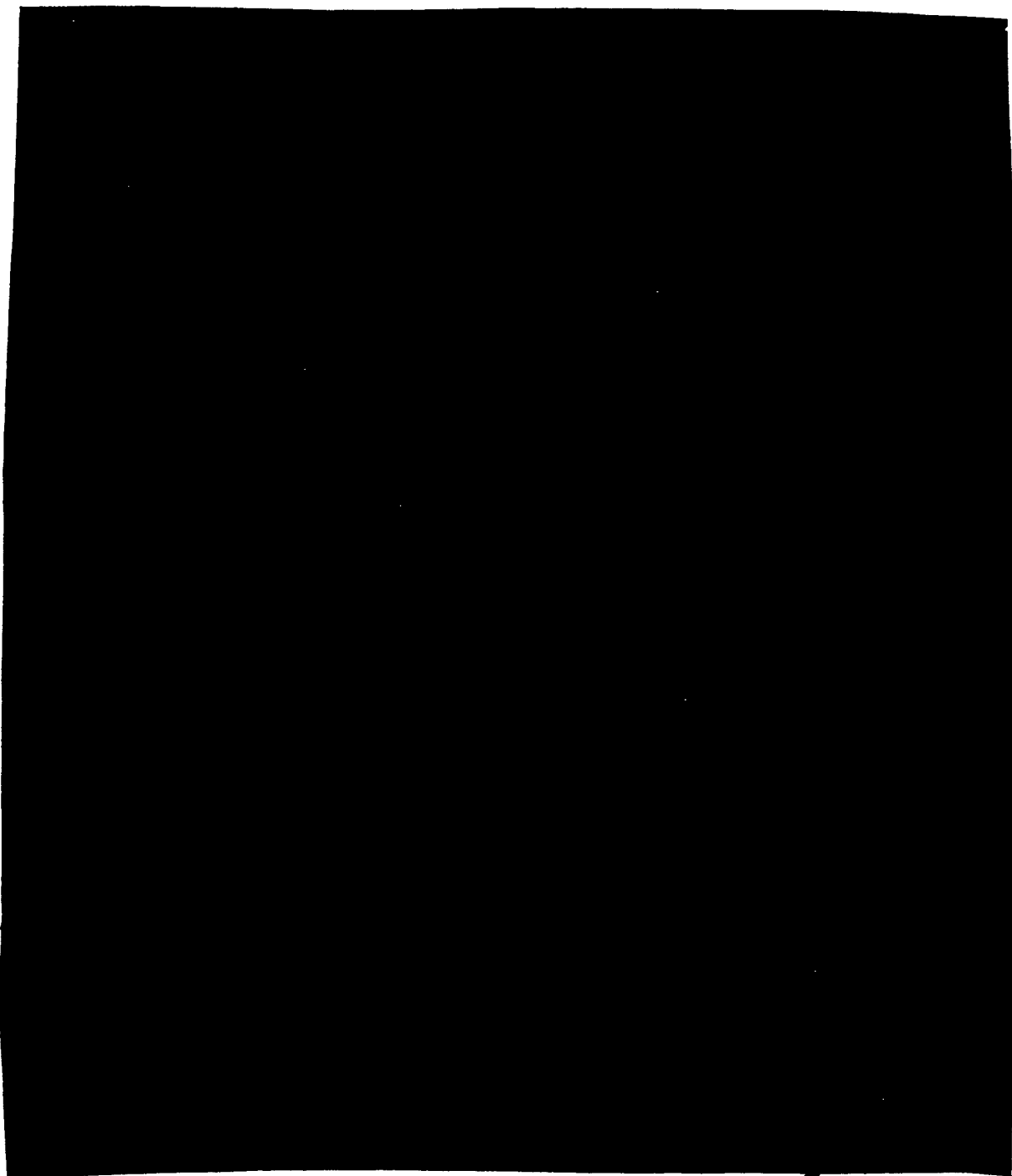


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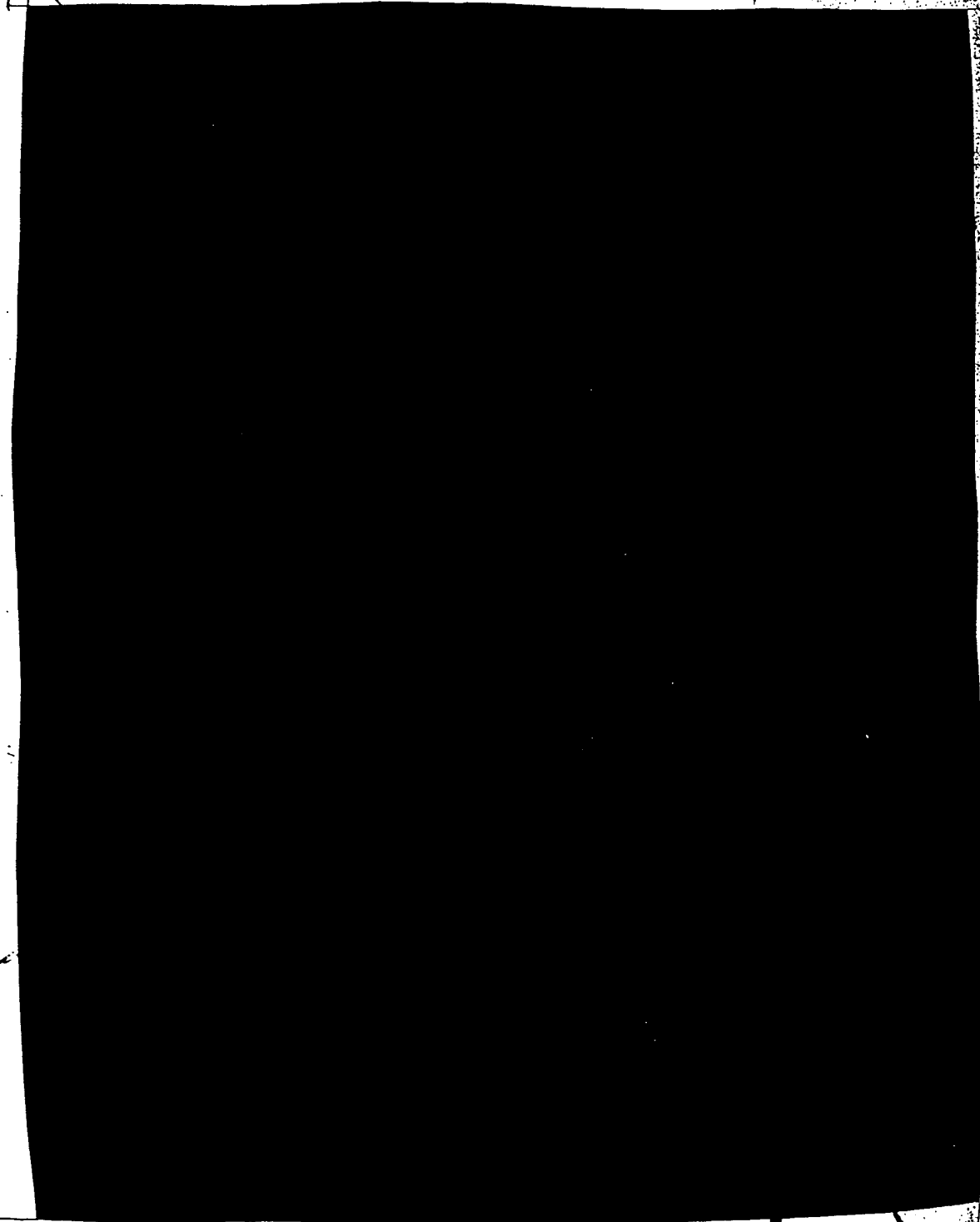
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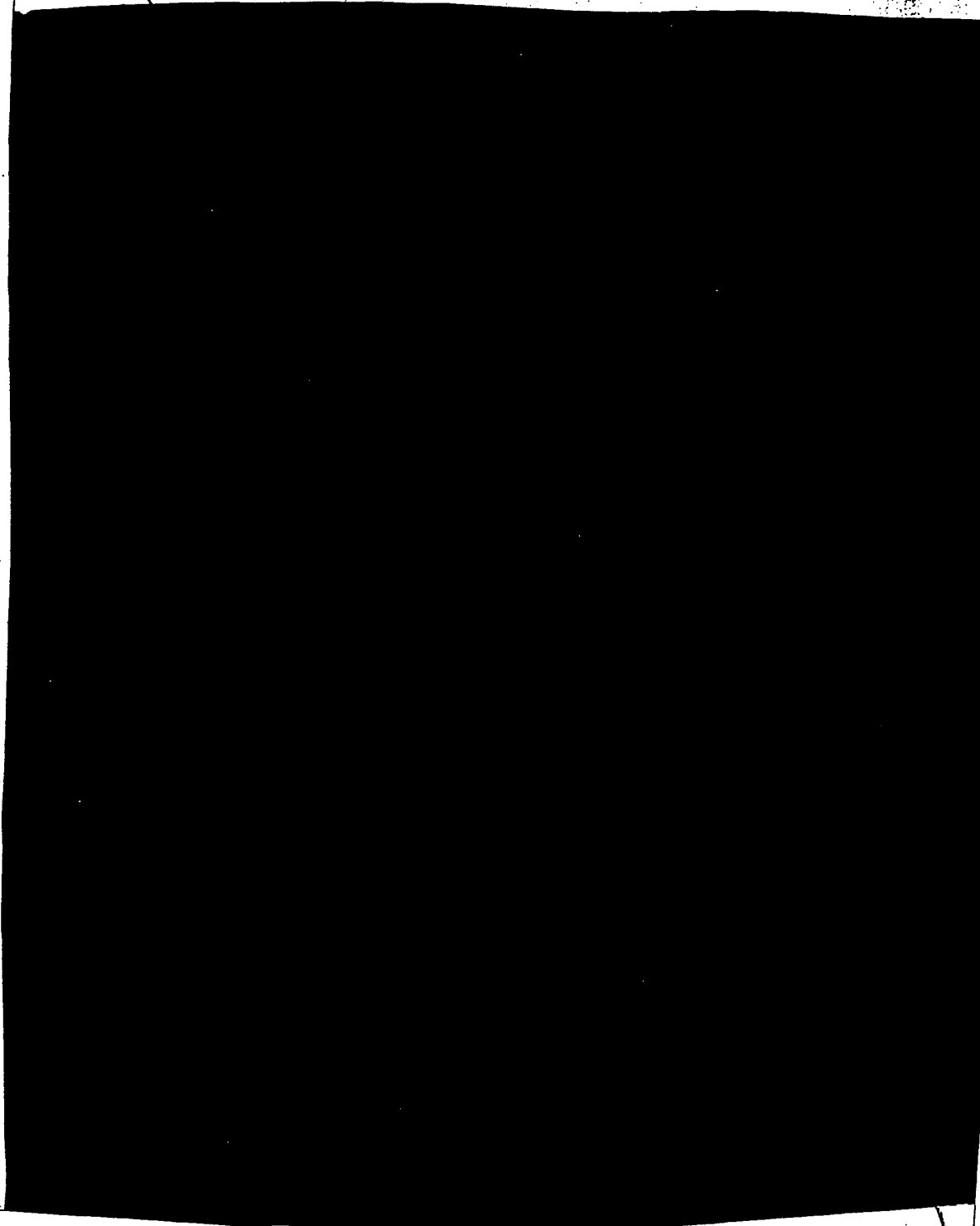
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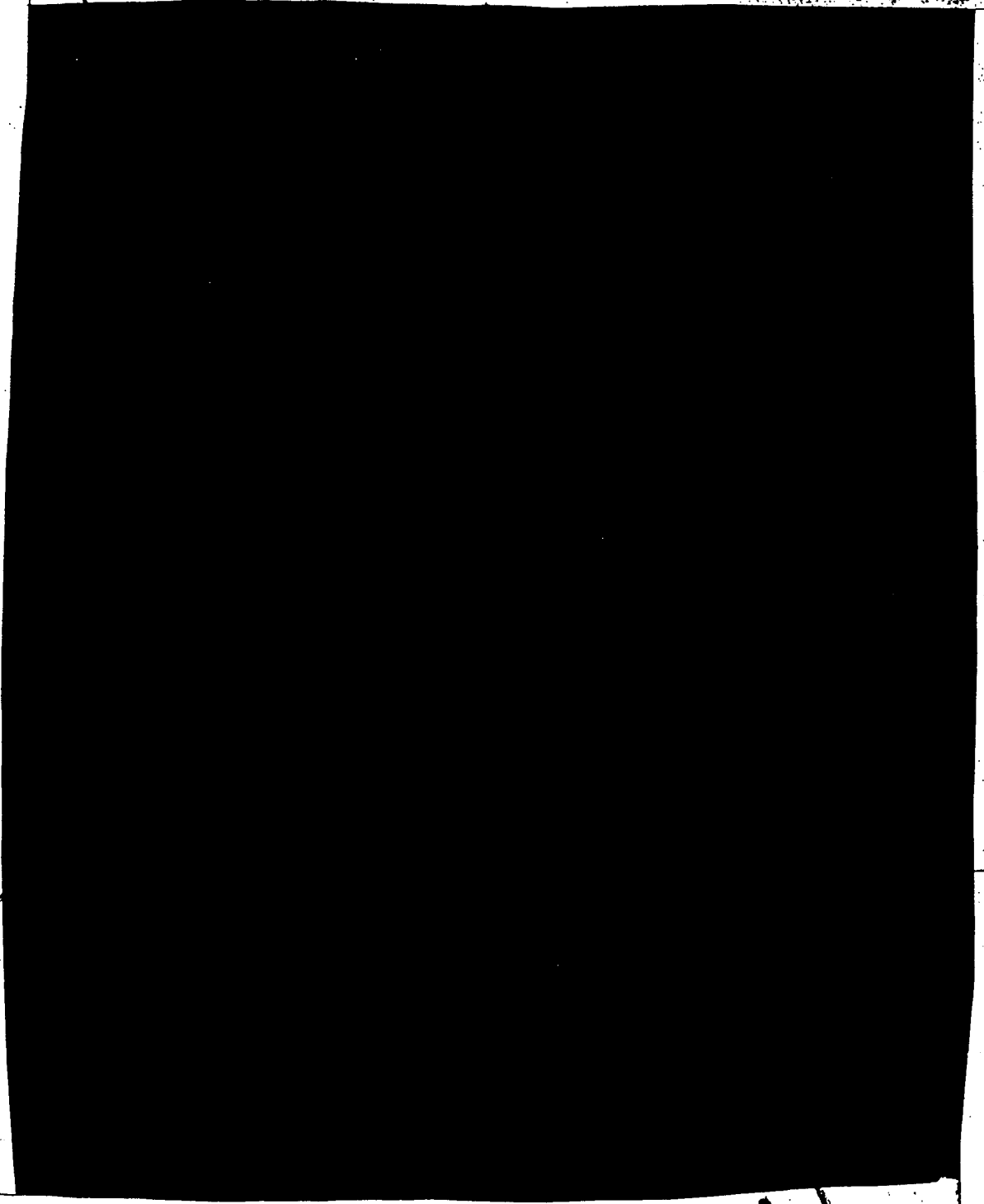
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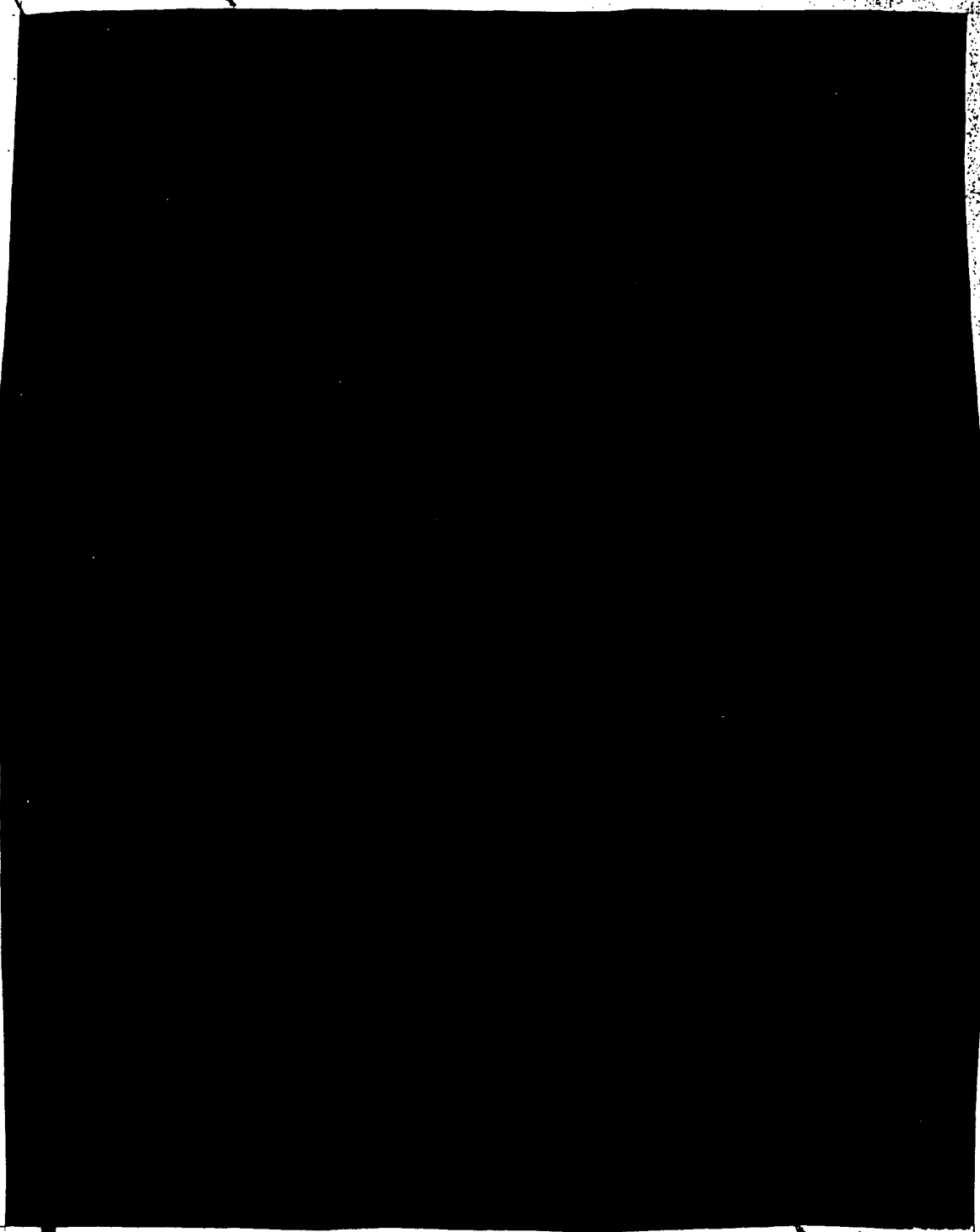
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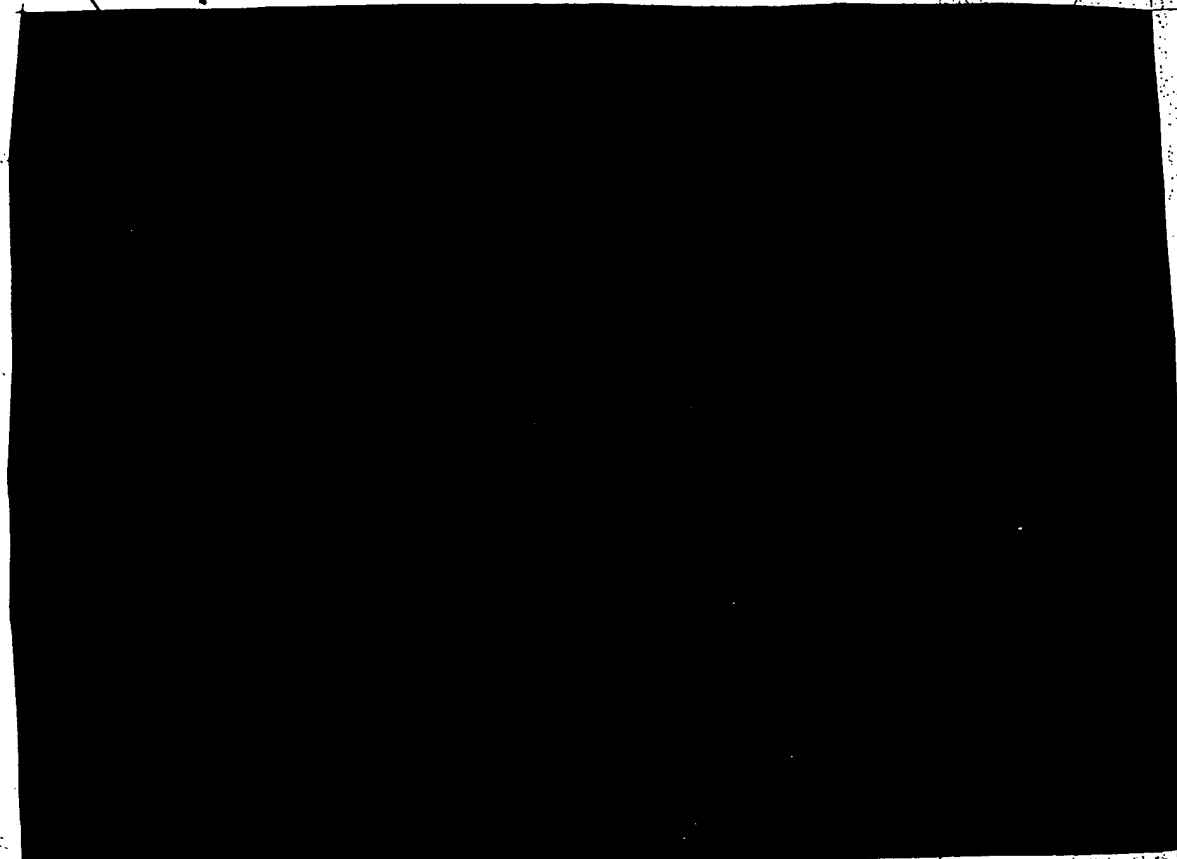
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The Sri Lankan Military:  
Low Profile [REDACTED] B3

The Sri Lankan military has been forced to adapt to new security duties since the intervention of Indian troops on the island. Under the terms of the Indo-Sri Lankan peace accord, the Sri Lankan Army was required to turn counterinsurgency duties over to the Indians and return to barracks. Military reaction to the Indian intervention has been positive, although it has wavered at times [REDACTED]

B1 [REDACTED] The Sri Lankan military is focusing on the Sinhalese Marxist threat in the south, although it is providing limited assistance to Indian forces on occasion. We believe the Sri Lankan military will abide by the terms of the peace accord [REDACTED]

B1 [REDACTED] The military may grow more resentful if the Indians prolong their stay and would probably direct its anger at Colombo. Although unlikely, an Indian decision to withdraw forces from the island would create new problems for the Sri Lankan military because it would be forced to stretch its limited resources to tackle both the Tamil and Janatha Vimukthi Peramuna militants. [REDACTED]

**New Counterinsurgent Posture**

Since the inception of the Tamil insurgency in 1983, the Sri Lankan armed forces have grown rapidly—expanding from about 18,000 in 1983 to almost 40,000 by the time the Indo-Sri Lankan peace accord was signed last year. Unlike its Indian counterpart, the Sri Lankan military had little fighting tradition, and its main component, chiefly for internal security, was the police force. To tackle the insurgency, Colombo expanded the police and created several special paramilitary units. The two most active paramilitary units created were the Special Task Force and the Home Guard civil defense groups. The Special Task Force is an elite force of approximately 1,000 men trained in paramilitary skills that was first used in the Eastern Province to monitor Tamil-dominated areas. Armed with M-16s and armored vehicles, [REDACTED]

B1 [REDACTED] The Home Guard, a

civilian militia of about 15,000, provided protection for Sinhalese and Muslim villagers in many areas of the North-Central and Eastern Provinces. [REDACTED]

The offensive by Sri Lankan forces on the Tamil-controlled Jaffna peninsula last spring demonstrated that the military had overcome some of its traditional weaknesses—poor maintenance and training and lack of equipment standardization—during the four-year civil war and was better able to confront the insurgents. [REDACTED]

[REDACTED] They were more effective because military operations were coordinated by a new Joint Operation Command directed by the central government.

Previously the military had lacked strong overall command and control. It also had acquired more

arms, light armored vehicles, patrol boats, and helicopters—items especially useful for counterinsurgency. These purchases improved the mobility of the armed forces. [REDACTED]

[REDACTED] The small Sri Lankan Air Force also provided better support for ground operations against insurgent camps. [REDACTED]

**Indian Presence Alters Role**

The role of the Sri Lankan security forces was restricted by the Indo-Sri Lankan peace accord signed last July and the subsequent arrival of large numbers of Indian troops on the island. The terms of the accord confined the Army to barracks and allowed only the police to participate in joint patrols with the Indians.

The Army redeployed to camps in the east and the south, where Sinhalese Marxists were creating a problem for the government. The special paramilitary forces also were redeployed or disbanded. The Special Task Force moved south, although elements remained in the east to assist the Indians against the Tamil insurgents. The Home Guard—which had a reputation for abuses of Tamil civilians—was disarmed by the Indian forces in accordance with the peace accord. [REDACTED]

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The Sri Lankan military has criticized the Indians for not taking stronger action against the insurgents. In October the Sri Lankan Army attempted to move out of their barracks to restore order in Trincomalee when they believed Indian forces were not protecting the local Sinhalese population from Tamil guerrillas. The Indians physically stopped them from taking action because such a move would have violated the terms of the accord.

b (1) b (3)

[REDACTED]

While the Sri Lankans are rejoining Indian efforts against the Tamils in the east, they are tackling a more sensitive security threat in the south, where the Sinhalese radical Marxist group, Janatha Vimukthi Peramuna is assassinating government officials to underscore its opposition to the peace accord.

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[REDACTED]

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Sri Lankan support for the Indian presence fluctuates.

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The Sri Lankans expect the Indians to keep up a high level of activity against the Tamils. Otherwise, New Delhi does not have a reason to remain on the island.

b (1) b (3)

[REDACTED]

The Sri Lankan security forces are having some success in combating the Janatha Vimukthi Peramuna and recently rounded up several suspected members.

Their success is limited by the group's secretive and cellular nature and the fear by local authorities of reprisals. The assassination of the government's police superintendent in charge of the Countersubversion Division two months ago was an indication of the effectiveness of the groups.

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[REDACTED] b (3)

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[REDACTED]

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#### Deployment of Forces

Although the Indians control counterinsurgency efforts in the north and east, the Sri Lankan security forces are playing a role again, especially in the Eastern Province. India must maintain a substantial force in the north while concentrating in the east where the Tamils have regrouped since the October offensive.

b (1) b (3)

[REDACTED]

#### Outlook for the Military

We believe the Sri Lankan military will abide by the terms of the peace accord for now and carry out only limited operations in the Northern and Eastern Provinces as defined by Indian commanders. The

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military will concentrate on the growing threat from the Janatha Vimukthi Peramuna in the south and probably stress its determination to put down the problem by expanding special paramilitary units such as the Special Task Force. Morale within the Sri Lankan military will remain high in the near term as long as the Indians appear to be making headway against the Tamil militants and the Sri Lankans are effective against the Janatha Vimukthi Peramuna.

[REDACTED] b (3)

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New Delhi presented the move as necessary to pursue Tamil guerrillas. Although unlikely, an Indian decision soon to withdraw all forces from the island would force the Sri Lankan military to return to counterinsurgency both against the Tamils in the north and east and against the Janatha Vimukthi Peramuna in the south. Such a scenario would:

[REDACTED] Should the Indians prolong their stay on the island beyond the national election scheduled for 1989, [REDACTED]

[REDACTED] b (3)

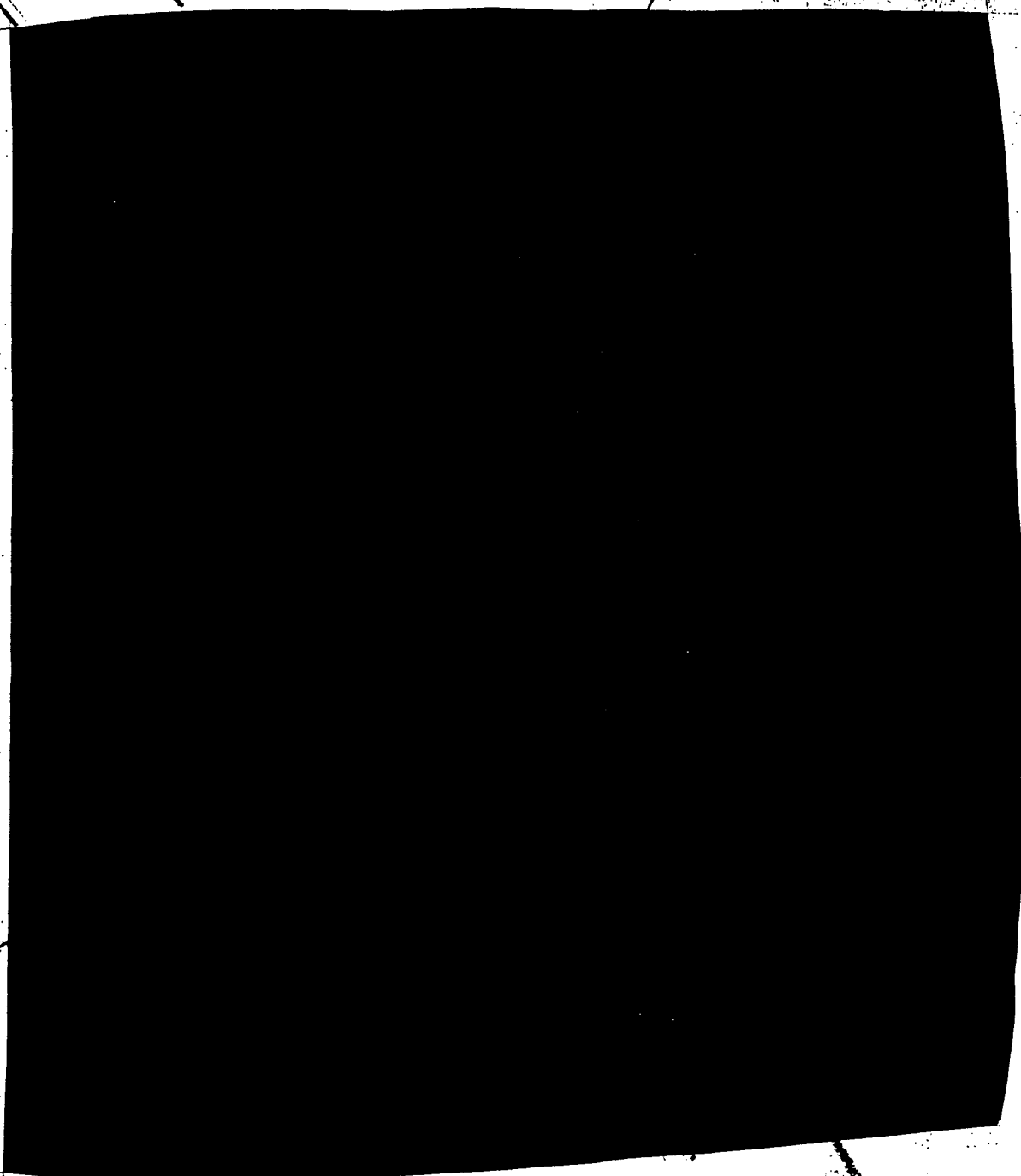
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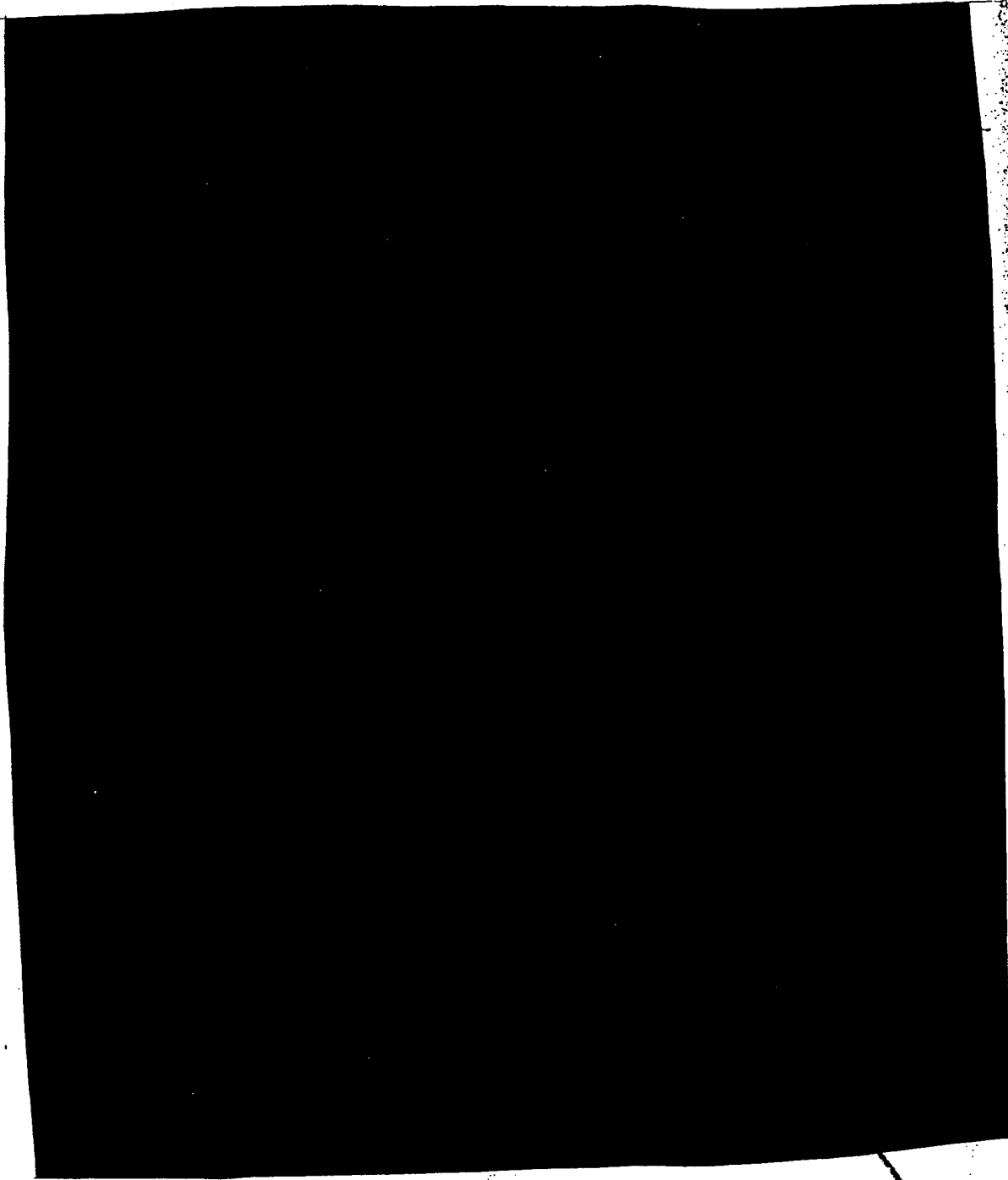


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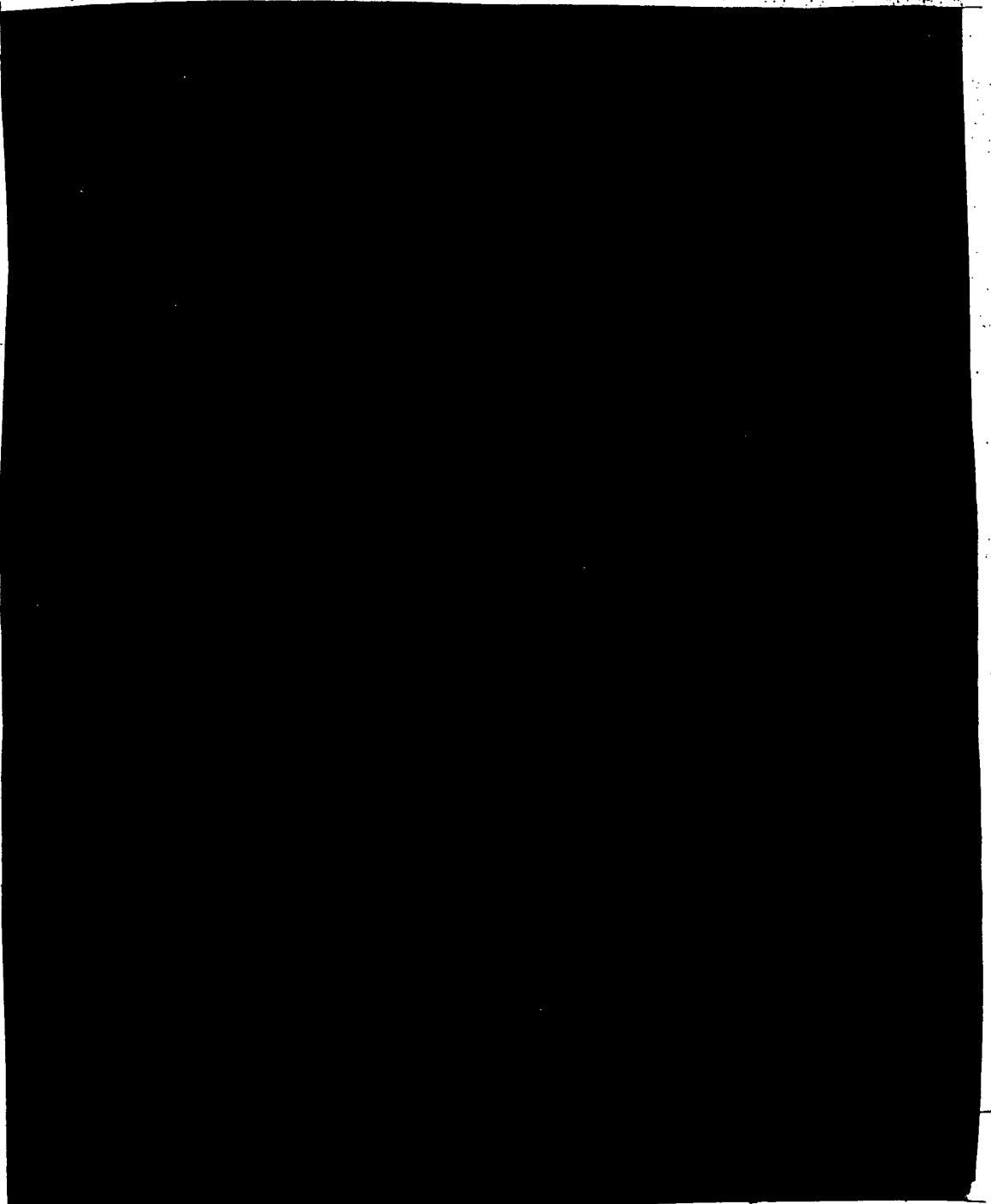
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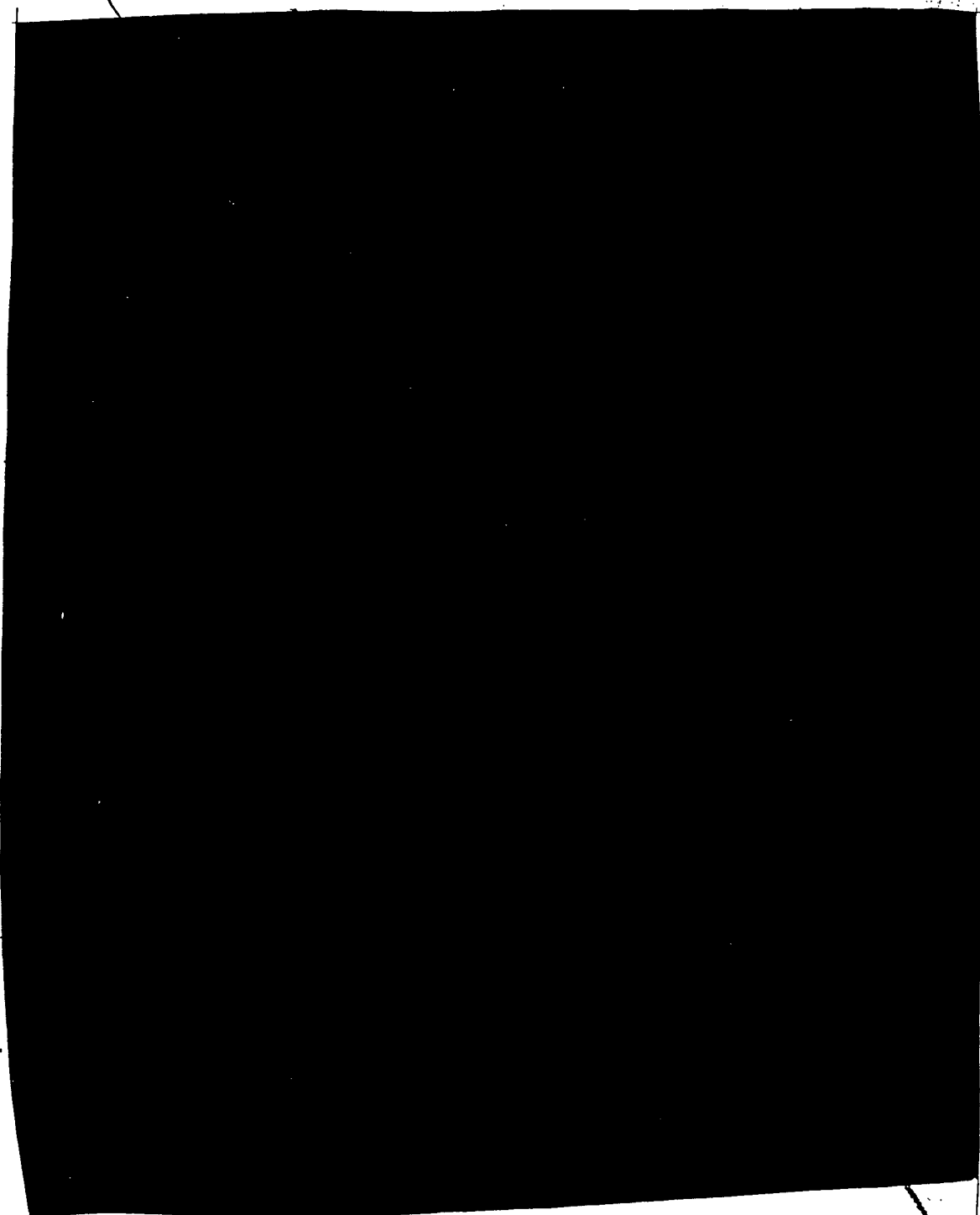


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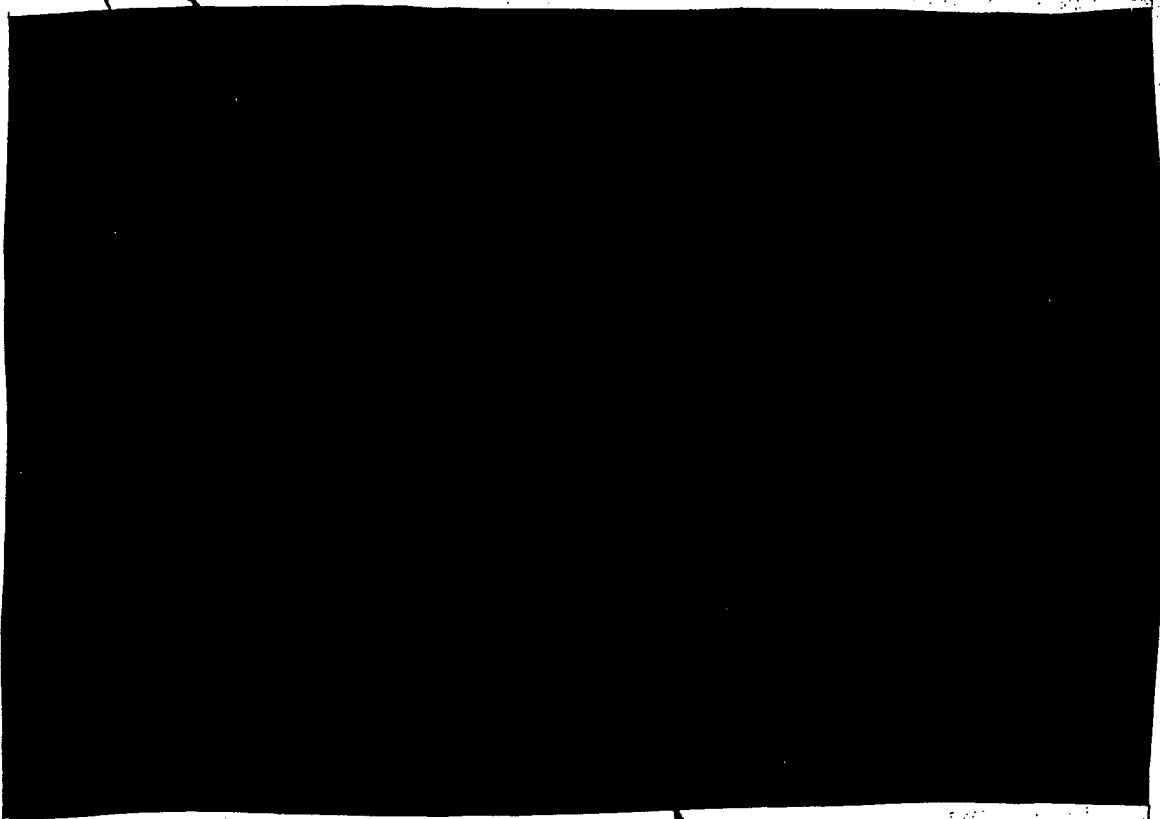
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## India's Trade With Eastern Europe (3)

Trade relations between India and Eastern Europe, although relatively limited, are driven on both sides by prospects for a greater exchange in goods and services without using precious hard currency. The volume and size of the agreements between India and the East European nations have increased significantly in recent years, but they must resolve several problems before trade levels approach those between India and Western Europe. Both sides are unhappy with the quality of the goods exchanged, and they often have ignored the contractual agreements between them to redirect their goods to other markets if a foreign currency sale can be made. (3) B3

### Background

Although India and Eastern Europe have long been trading partners, the relationship has expanded considerably over the last few years. (3) the value of trade with the East European nations more than doubled between 1980 and 1986 to about \$960 million. In contrast, trade with Western Europe in 1986 amounted to \$9.4 billion. (3)

During 1987 India signed trade agreements or protocols with nearly all the East European nations to increase economic cooperation. The agreements included plans for joint ventures and economic endeavors in Third World countries as well as bilateral trade. New Delhi has found Eastern Europe willing to make deals that allow India to obtain necessary imports without having to spend valuable hard currency. Most transactions between the two are settled in nonconvertible Indian rupee payments, an arrangement similar to the one India has with the Soviet Union. They also use barter arrangements on occasion. (3)

In the past, India's most active East European trading partners have been Romania and Poland. More recently, India has significantly increased its trade with Hungary and Czechoslovakia. India's exports to Eastern Europe have consisted of raw materials such

as nonferrous metals, textiles, jute, cotton, coffee, tea, and spices. In turn, India has imported finished products such as machines and machine parts, engineering goods, military equipment, chemicals, pharmaceuticals, and newsprint. East European countries generally have a problem marketing these goods in the West because of their poor quality. (3)

India probably sees trade with Eastern Europe as serving a political purpose because it helps reinforce India's claims of nonalignment. (3) New Delhi's policy indicates it wants to maintain its involvement with Eastern Europe as a counterbalance against excessive reliance on the West. (3)

### Hungary

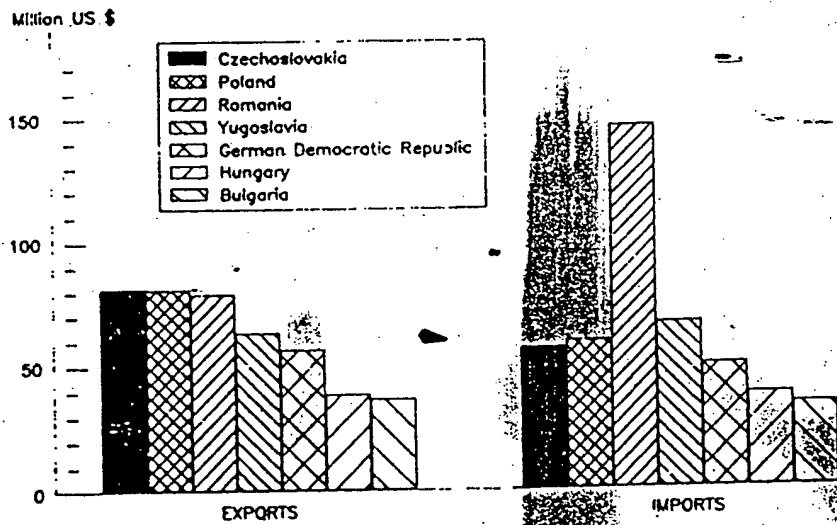
India's trade with Hungary, although relatively small, has increased almost 80 percent since 1985. (3) trade talks between the two have focused on increasing technical and commercial cooperation, including an agreement for Hungary to import, for the first time, an Indian-assembled Japanese automobile called the Maruti. Five hundred Maruti-800s were shipped in 1987, and 1,000 more are to be shipped this year. Hungary will manufacture dashboards for the Maruti in exchange for the finished automobile. Another agreement allowed Hungary to import iron ore pellets and electronic goods from India. India and Hungary also agreed that both would avoid double taxation to promote a better flow of technology between the countries. (3)

### Czechoslovakia

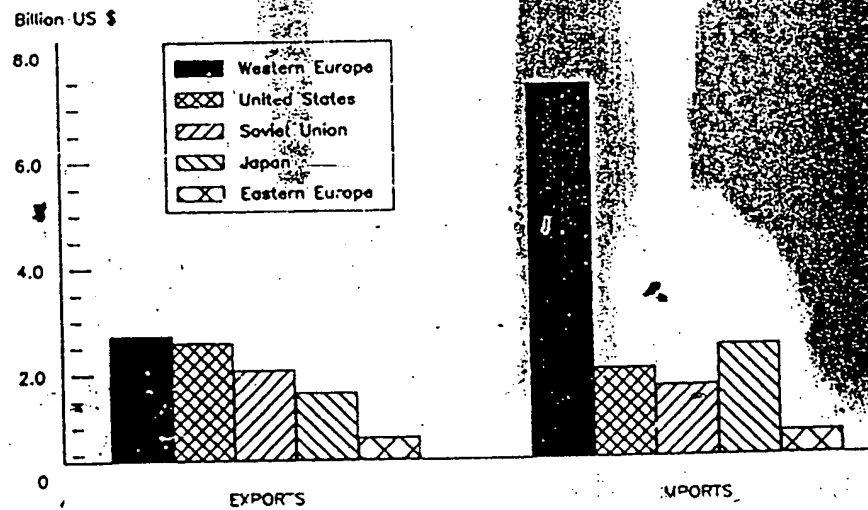
Czechoslovakia became a major East European trading partner with India more than two decades ago through its participation in building India's industrial facilities. Czechoslovak trade organizations are involved in constructing paper mills, textile and leather-processing factories, incinerating plants,

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### INDIAN TRADE WITH EASTERN EUROPE, 1986



### INDIA'S MAJOR TRADING PARTNERS, 1986



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power stations, forges, heavy machine tool plants, and boiler and chemical plants. [REDACTED] India and Czechoslovakia expect to more than double their bilateral trade volume this year, reaching slightly more than \$400 million. To achieve that goal, the two are discussing several joint ventures in Third World countries as well as continuing traditional commercial exchanges. [REDACTED] b (3)

#### Poland

Barter deals play a large role in Indo-Polish trade. [REDACTED] indicates that India and Poland worked out an arrangement for India to receive 150,000 tons of coking coal from Poland in exchange for an equal quantity of iron ore at an estimated value of \$85 million. Despite recent cooperation, there is a large trade imbalance between India and Poland, with India running the deficit. They signed a protocol to increase trade by about 80 percent, from approximately \$260 million in 1987 to \$475 million in 1988. India and Poland are trying to expand mutual cooperation in key areas, including shipbuilding, machine tools, electronics, coal mining, and chemical technology. [REDACTED] b (3)

#### Romania

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Trade relations between India and Romania are strained, despite good political relations and efforts to increase economic cooperation. [REDACTED] the tension stems from Romania's reputation for late deliveries, an inability to finish contract work on time, and inferior quality goods. Despite the strain in economic relations, the two countries are discussing possible ways to improve trade. They have agreed to exchange technical personnel and collaborate in research and development. They are exploring the possibility of joint ventures and cooperation in electrical and metallurgical equipment manufacturing. They signed an agreement in November 1987 to increase their bilateral trade by 8 percent in 1988. [REDACTED] b (3)

#### Yugoslavia

Trade between India and Yugoslavia is small, at just over \$100 million, but the two hope to increase bilateral trade to about \$250 million this year. They have agreed to explore opportunities for economic cooperation through joint ventures, transfer of

technology, and business ventures in Third World countries. They recently agreed that India would export tractors, automobile tires, diesel engines, and auto parts to Yugoslavia. They also arranged for a Yugoslav bank to provide credit to finance Indian imports of industrial equipment and ships from Yugoslavia. The credit agreement permits the use of repayment proceeds to finance exports of goods and services from India to Yugoslavia. [REDACTED] b (3)

#### East Germany

Bilateral trade between India and East Germany has stagnated at around \$100 million over the past two years. Indian-East German trade has suffered in part because India has only provided 60 to 80 percent of the goods it was committed to supply. [REDACTED] b (1) b (3)

#### Bulgaria

Trade between India and Bulgaria has fallen significantly in the past few years, despite the signing of highly optimistic trade protocols. [REDACTED] India and Bulgaria signed a trade protocol in 1987 intended to increase their bilateral trade by 50 percent, but [REDACTED] trade decreased by \$30 million. The two countries recently signed a protocol for 1988 that calls for a growth in trade of over 200 percent, but [REDACTED] neither country manufactures many products wanted by the other. [REDACTED] India has urged Bulgaria to import more Indian goods such as dyestuffs, perfume compounds, and essential oils. The two arranged countertrade agreements for Bulgaria to purchase earthmoving equipment against delivery of Bulgarian metalworking and machine-building equipment. [REDACTED] b (3)



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#### Implications

We believe India will look to increased trade with Eastern Europe as a way to reduce the pressure on its foreign payments. New Delhi hopes that Eastern Europe can supply a larger share of its basic import needs in exchange for rupees or through barter. In addition, in some areas such as coal mining, several East European countries can make an important contribution to India's economic development. At the same time, New Delhi hopes to expand exports from new growth industries whose products, for the most part, have not achieved a quality level high enough for Western markets. Items in this category include computer hardware and software and automobiles.

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India's trade with Eastern Europe probably will not displace to a significant degree economic relations with the United States, Western Europe, and Japan.

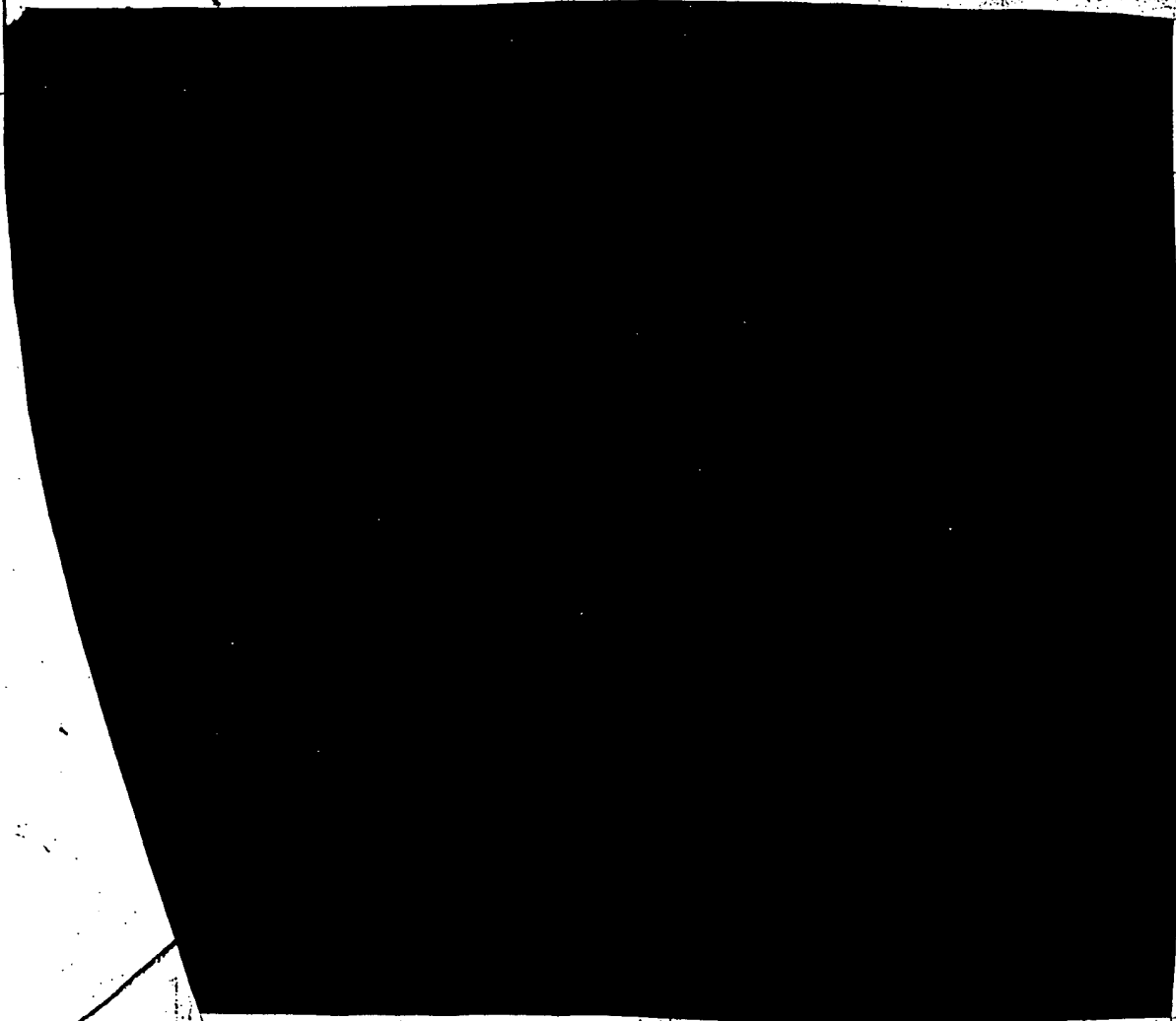
We believe New Delhi is convinced that these more advanced countries are the best source of quality goods and the advanced technology for its modernization program. Past actions indicate New Delhi will ignore selected contractual arrangements with Eastern Europe if a sale to the West for hard currency can be made. The Soviet Union, however, may face greater competition if Indian trade with Eastern Europe is increased significantly. The Soviets are India's largest rupee trading partner and, except for petroleum, the goods exported to India are similar to those sold by Eastern Europe. (S) b (3)

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11 March 1988

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